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ABSTRACT

This paper discusses human resources development (HRD) in Japanese industry. Chapter I addresses changing industrial and occupational structures as a foundation for planning and constructing management strategy, especially for business restructuring. The actual situation regarding business diversification is considered, and an attempt is made to portray the status of staff development activities. The chapter examines the presence of personnel management structures that hamper employees in working as they were trained, as well as countermeasures adopted by some advanced Japanese companies. Attempts to overcome the problem of in-company job conversion are described. Finally, the chapter reviews the actual situation of diversified employment patterns and prospects for the future. Chapter II discusses the fundamentals of personnel management based on the capability principle. A new concept of this principle is proposed that is based on the idea of capabilities development. A method of personnel management is discussed with which decision making by employees can be applied to a wider range of ideas. Chapter III examines the methodological problems of how to bring about personnel management selected by employees from three points of view: personnel management by voluntary choice and career planning, the extent of application and operation of career development planning, and the most desirable course for the future. (YLB)

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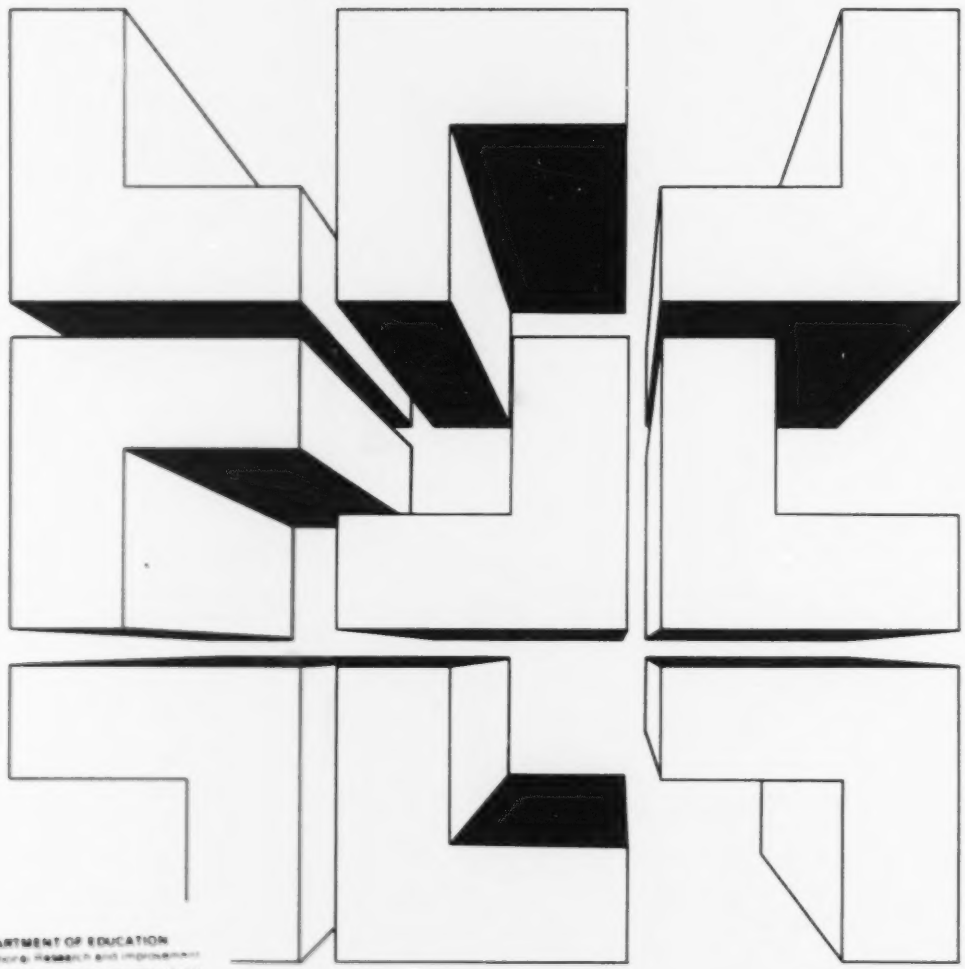

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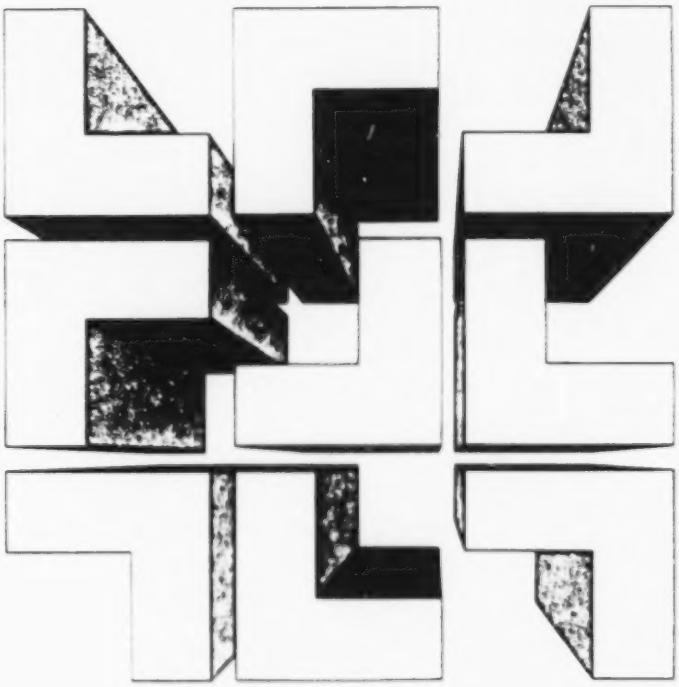
JAPANESE INDUSTRIAL RELATIONS SERIES 17

RECENT TRENDS IN HUMAN RESOURCE DEVELOPMENT

Tadashi AMAYA

Professor, Teikyo University of Technology



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A Note of Explanation about This Series

The Series *on Industrial Relations in Japan seeks to make available for interested persons abroad accurate and reliable information on the labor market and industrial relations in Japan. Cognizant of the fact that the number of persons desiring such information has increased rapidly in recent years, the Japan Institute of Labour has, with the cooperation of the Ministry of Labour, prepared an easily understood guide for those wishing to know more about this aspect of life in Japan.*

The Japan Institute of Labour *was founded in September, 1958, according to the provisions of Law No. 132 which was legislated by the Diet in May, 1958. The Institute seeks to utilize every academic discipline in conducting objective but intensive studies on labor economies and industrial relations. By means of various programs in research and education, the Institute hopes to improve the system of industrial relations in Japan.*

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Introduction

This paper deals with the key concerns regarding human resources development (HRD) in Japanese industry.

First, the results of several research studies conducted over the past five years are reviewed with the aim of determining the scope of the discussion.

1. Key Issues Which Will Require the Attention of Japanese Management:

Figure 1 shows the key issues which will require the attention of management. Human resources development scored the highest mark (85.1%), followed by the broadening of sales networks, the reinforcement of sales forces (72.8%) and the creation of new products, new services and new business categories (63.8%).

These results clearly show that Japanese management's greatest concern is the development of their employees' abilities. Furthermore management regards marketing activities such as sales force reinforcement and the introduction of new products with great concern.

2. Personnel and Labor Management Policies Hereafter

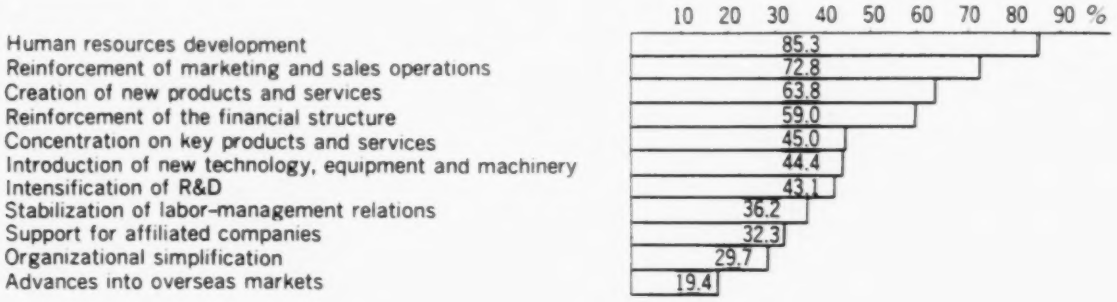
What will management's personnel and labor management policies be, assuming the foregoing key management issues? Figure 2 shows that management puts the most stress on employee education and training (86.6%). Both tables clearly indicate that management's utmost concerns lie within human resources development.

The item which gained the second highest score was thorough application of ability and performance principles (78.9%), reflecting a new direction in labor and personnel management in the private sector.

Next are the promotion of small in-company group activities such as QC circles (47.1%) and the improvement of middle-aged employees' abilities (42.4%).

The issue of ability development was surveyed also in the following research project conducted in 1985.

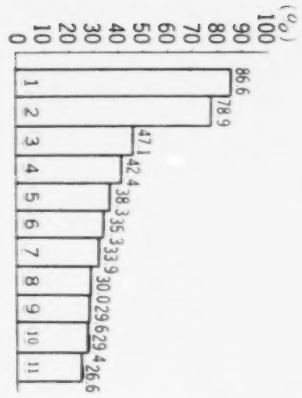
Figure 3 shows current issues of ability development and those expected to appear in the next five years.



Sources: Policy Planning and Research Department, Secretariat for the Minister of Labour; "Changing Japanese Employment Practices and Their Prospects" (December 1, 1985 – February 28, 1986)
N = 629

Figure 1. Key Issues Which Will Require the Attention of Japanese Management

1. Reinforcement of human resources development, personnel training and education
2. Thorough application of capability and performance principles
3. Promotion of QC circles and other small group activities
4. Development of middle-aged employees' abilities
5. Utilization of various types of workers
6. Stabilization of labor-management relations
7. Promotion of personnel transfers and job conversion
8. Repletion of welfare system
9. Reinforcement of R & D staff
10. Improvement of basic labor conditions
11. Full-scale introduction of a specialist system



Source: same as Figure 1

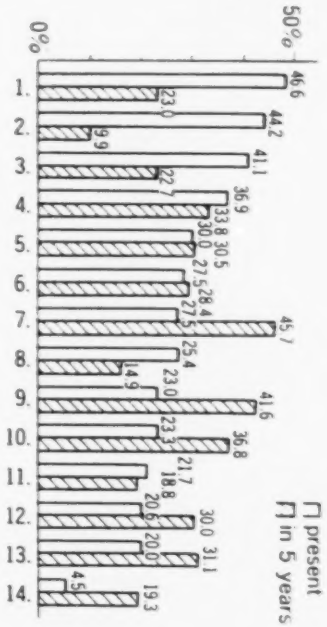
Figure 2. Future Personnel and Labor Management Policies

Management's greatest contemporary concern was overall productivity improvement (46.6%), followed by the rationalization of administrative divisions (44.2%) and the application of market-oriented management (41.1%).

Their concerns five years down the road in the future focus more on business diversification and changes in the enterprise structure (45.7%), the development of new products based on high technology (41.6%) and the development of unique products (36.8%).

Table 1 is a selective list of high-scoring items from the

1. Overall improvement of corporate productivity
2. Rationalization of administrative sector
3. Application of market-oriented management
4. Creation of high-value-added and high-quality products, services and information
5. Reinforcement of R & D
6. Establishment of corporate culture and innovation of corporate climate
7. Diversification of management and alteration of the business structure
8. Innovation of the production structure
9. Development of new products based on high technology
10. Development of new and original products
11. Reinforcement of corporate group unity
12. Multi-nationalization and globalization of business activities
13. Reinforcement of the managerial information system
14. Creation of business network through integration



Source: Japan Management Federation / Japan Industrial Training Association; "Current Situation and Issues Concerning In-company Human Resources Development to Meet Information-Technology and Globalization-oriented Business Climate" —Survey Report on the Industrial Training Situation (1985)—February and May 1985
N = 675

Figure 3. Managerial Issues Concerning Productivity Development

above-mentioned research projects. Those concerned with management strategy and business restructuring are marked with a 1. (Some items are difficult to classify in this manner). There are obviously quite a few marked with 1.

Items relating to the ability principle, which serves as a basis for the human resources development in the survey on labor-management policies, are indicated with a 2.

Table 1. A List of Research Results (%)

	Key managerial issues	
(3)	Human resources development	85.1
(1)	Reinforcement of marketing and sales operations	72.8
(1)	Creation of new products and services	63.8
	Reinforcement of the financial structure	59.0
(1)	Concentration on key products and services	45.0
(1)	Introduction of new technology, equipment and machinery	44.4
(1)	Reinforcement of R & D	43.1
	Stabilization of labor-management relations	36.2
	Support for affiliated companies	32.4
	Organizational simplification	29.7
	Expansion in overseas markets	19.4

	Labor management policy	
(3)	Reinforcement of human resources development and personnel education and training	86.6
(2)	Application of capability and performance principles	78.9
	Promotion of QC circles and other small group activities	47.1
(3)	Development of middle-aged employees' abilities	42.4
(2)	Utilization of various types of workers	38.3
	Stabilization of labor-management relations	35.3
(1)	Promotion of personnel transfer and job conversion	33.9
	Expansion of welfare system	30.0
(1)	Reinforcement of R & D staff	29.6
	Improvement of labor conditions	29.4
(2)	Full-scale introduction of specialist system	20.6

	Managerial issues regarding capability development	
(1)	Productivity improvement	46.6
	Rationalization of administrative divisions	44.2
(1)	Application of market-oriented management	41.1
(1)	Creation of high-value-added products and services	36.9
(1)	Reinforcement of R & D	30.0
	Establishment of corporate culture and innovation of corporate climate	27.5
(1)	Diversification of management and alteration of the business structure	27.5
	Innovation of the production structure	25.4
(1)	Development of new and original products	23.3
(1)	Development of products based on high technology	23.0
	Reinforcement of corporate group unity	21.7

	Managerial issues concerning capability development (in 5 years)	
(1)	Diversification of management and alteration of the business structure	45.7
(1)	Development of high-technology-based products	41.6
(1)	Development of original products	36.8
(1)	Creation of high-value-added products and services	33.8
	Reinforcement of managerial information system	31.1
(1)	Reinforcement of R & D	30.5
(1)	Multi-nationalization and globalization of business	30.0
	Establishment of corporate culture	28.4
	Improvement of corporate productivity	23.0
(1)	Enforcement of market-oriented management	22.7
(1)	Creating a network including different industries	19.3

(1) Items relating to management strategy
(2) Items relating to ability principle
(3) Items relating to career planning (including middle-aged workers)

Furthermore, as human resources development is considered to be the top priority among managers as shown by the first research study mentioned above, the symbol 3 was assigned to items from the first and second research projects:

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especially those concerned with long-term career planning, which is an expanded interpretation of human resources development.

These symbols reveal that the third and fourth surveys were more concerned with vocational issues than with human resources development. It is the employees' responsibility to address these issues, and they must be given training so that they can perform efficiently in resolving such issues. At the roots of the vocational issue lie problems of human resources development and personnel training. Such a background needs to be assumed in reading the items in the third and fourth surveys which were not marked with the symbols 2 and 3, and in the discussion hereafter.

The current issues in human resources development in Japanese industry will be discussed under the following three headings:

Management Strategies: Business Restructuring and Human Resources Development;

Personnel Management and Human Resources Development Based on the Ability Principle; and

Long-term Career Planning (including the issues related to middle-aged workers) and Human Resources Development.

Chapter I
Strategies: Business Restructuring and Human Resource Development

First, changes in industrial and occupational structures will be discussed to provide the background which serves as a foundation for planning and constructing management strategy, especially for business restructuring. Second, the actual situation regarding business diversification will be discussed in a simplified manner based on conventional industrial classifications. Particularly, consideration will be given as to what qualifications are required on the part of managerial personnel in such an environment. An attempt will be made to firmly grasp the actual status of ability development activities. Third, the presence of personnel management structures which hamper employees in working as they were taught in their training programs, as well as countermeasures adopted by some advanced Japanese companies, will be examined. A company following a diversification strategy will, depending on the division, experience a surplus of staffers on one hand, and a shortage on the other hand. As such cases happen frequently, in-company job conversion has become a crucial issue and attempts to overcome this problem will be described. Finally, along with the development of a diversification strategy, many difficulties are expected when attempting to maintain adequate personnel by means of the above-mentioned in-house job conversions. To cope with this situation, the conventional recruiting system based on hiring new graduates and the in-house training of regular employees cannot provide companies with the supply of talent they require. Many Japanese companies are now obliged to hire as regular employees those who have been previously employed elsewhere, along with dispatched workers, part-time workers and employees hired under contract. Thus, the actual situation of diversified employment patterns and prospects for the future will be reviewed.

1. Changing Industrial and Occupational Structures

Table 2 shows changes in the industrial structure in terms of changes in the working population.

The table indicates that the year 1980 was remarkable because it was at that time that the tertiary industries' working population first exceeded fifty percent. It is expected that the primary industries' workforce will be reduced sharply from 10.4% in 1980 to 4.9% in 2000. As for secondary industries, the amount of production will increase while the workforce will decline. In contrast, tertiary industries, employees will increase' from 54.5% in 1980 to 65% in 2000.

Table 2. Change of Working Population Among Industries

(%)

Industry / Year	Primary	Secondary	Tertiary	Total
1970	17.4	35.2	47.3	100.0
1980	10.4	34.8	54.5	100.0
2000	4.9	30.1	65.0	100.0

Source: Economic Planning Agency; "Technology Innovation and Employment"

Second, Figure 4 shows the job types of workers employed in industry as a whole from 1970 to 1985, and Figure 5 a projection from 1980 to 2000 (adopted from a report entitled "Human Resources Development and Changing Job Structures, a Diagnosis at a Time of Structural Unemployment" published by Planning Bureau, Economic Planning Agency).

A sharp increase in the working population shown in Figure 4 occurred in construction industry/technical and production jobs (670,000 persons), wholesale, retail and restaurant/clerical jobs (990,000), wholesalers, retail and restaurant/sales jobs (1,000,000), wholesale, retail and restaurant/technical and production jobs (650,000), service sector/specialist and technical jobs (2,220,000) and service sector/clerical jobs (1,080,000).

Compared with other industries, manufacturing is conspicuous by its diminishing number of jobs. Any increases as occured were not large.

On the other hand, Figure 5 shows that ever higher increases are expected in service sector specialist and technical jobs during the coming 15 years, eventually amouting to 3,810,000 workers (an annual rate of increase of 4.0%).

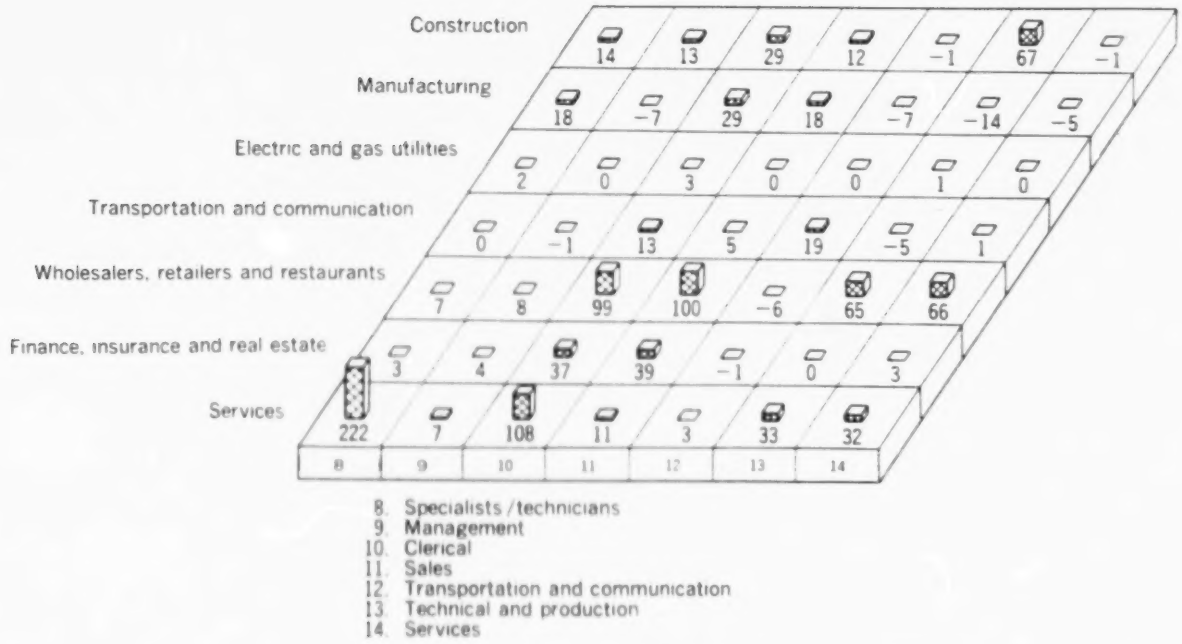
Meanwhile, the absolute number of workers in other key job groups will decline. Particularly, a reduction of more than 500,000 workers' is expected for wholesalers, retail and restaurant sales jobs and manufacturing, technical and production jobs.

As for service industries, clerical workers are expected to increase by more than one million, and so are wholesale, retail

and restaurant service workers.

The numbers of the construction industry's technical and production workers and wholesale, retail and restaurant clerical workers are also expected to increase by about 500,000.

(Unit : ten thousand persons)


Construction
Manufacturing
Electric and gas utilities
Transportation and communication
Wholesalers, retailers and restaurants
Finance, insurance and real estate
Services
14 13 29 12 −1 67 −1
18 −7 29 18 −7 −14 −5
2 0 3 0 0 1 0
0 −1 13 5 19 −5 1
7 8 99 100 −6 65 66
3 4 37 39 −1 0 3
222 7 108 11 3 33 32
8 9 10 11 12 13 14
8. Specialists / technicians
9. Management
10. Clerical
11. Sales
12. Transportation and communication
13. Technical and production
14. Services

Source : General Planning Bureau Economic Planning Agency; "Human Resources Development Amid Job Structure Changes— Diagnosis for the Age of Structural Unemployment"

Figure 4. Transformation of Working Population by Job Category (1970–1985)

However, the actual situation of business diversification at contemporary companies is characterized by diversification into various fields irrespective of the prior business field in terms of both technology and market. A so-called amalgamation of industries and job categories has taken place. It has become more difficult to think of job categories as intrinsic to a certain industrial type. Thus, a new approach is being attempted to grasp the reality of job categories directly without distinguishing them in terms of industrial categories. Figure 6 shows an estimate of the job-supply and demand gaps for the year 2000 calculated from such a standpoint.

Labor supply and demand by job categories is estimated below based on the job structure in 1985, in comparison with labor demand by job categories. In 2000 labor will be in surplus for technical and production jobs (+3,070,000 persons), agriculture, forestry and fishery (+930,000) and sales (+880,000), while being scarce for specialist and technical jobs (−2,830,000) and clerical jobs (−550,000).

To avoid such an unbalanced situation among job categories, job mobility from labor surplus sectors to labor shortage sectors might be recommended. Actually, however, such a measure will not succeed because of the many difficulties involved.

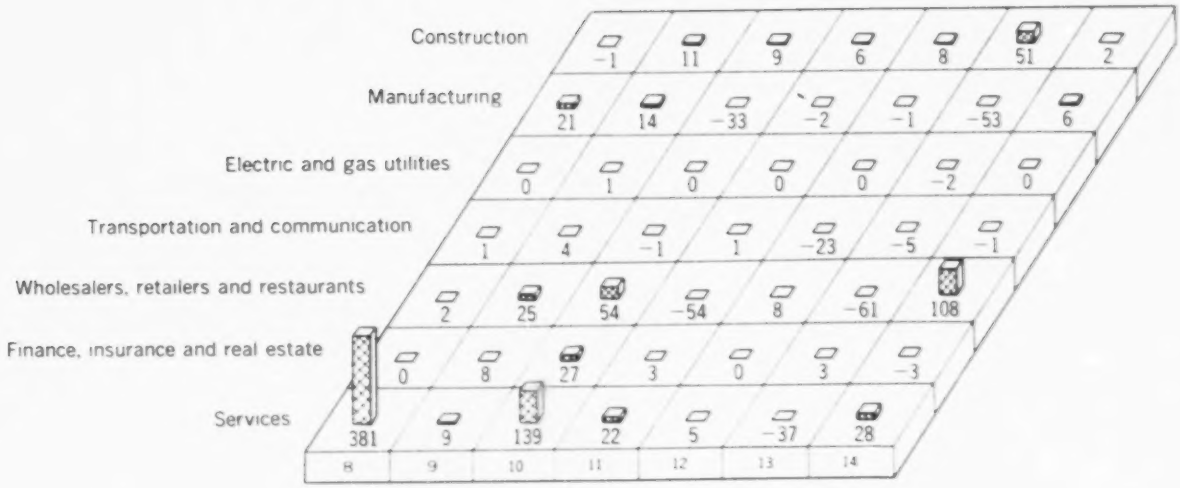
Studies must be carried out as to the potential for job mobility, determining what job categories will provide the best opportunities for a move from a particular job category.

Closing the labor supply and demand gap among job categories expected to occur by 2000 will involve several times the number of workers currently affected by the imbalances.

Three different eras may be defined by means of job categories, namely the era of agriculture, forestry and fishery, the era of manufacturing/production, and the era of information-oriented work. Figure 7 shows the working population structure by job categories based on this historical concept.

The age of agriculture, forestry and fishery continued up until the mid-1960s, and was followed by the age of manufactur-

(Unit : ten thousand persons)


Construction
Manufacturing
Electric and gas utilities
Transportation and communication
Wholesalers, retailers and restaurants
Finance, insurance and real estate
Services
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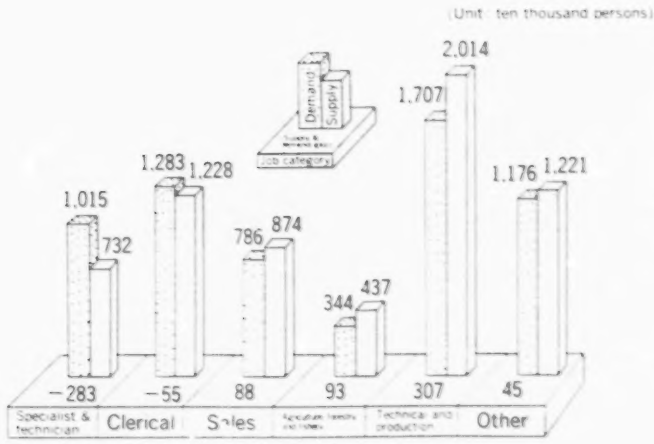
21 14 −33 −2 −1 −53 6
0 1 0 0 0 −2 0
1 4 −1 1 −23 −5 −1
2 25 54 −54 8 −61 108
0 8 27 3 0 3 −3
381 9 139 22 5 −37 28
8 9 10 11 12 13 14

8. Specialists / technicians
9. Management
10. Clerical
11. Sales
12. Transportation and communication
13. Technical and production
14. Services

Source : General Planning Bureau Economic Planning Agency. "Human Resources Development Amid Job Structure Changes— Diagnosis for the Age of Structural Unemployment"

Figure 5. Transformation of Working Population by Job Category (1985-2000)

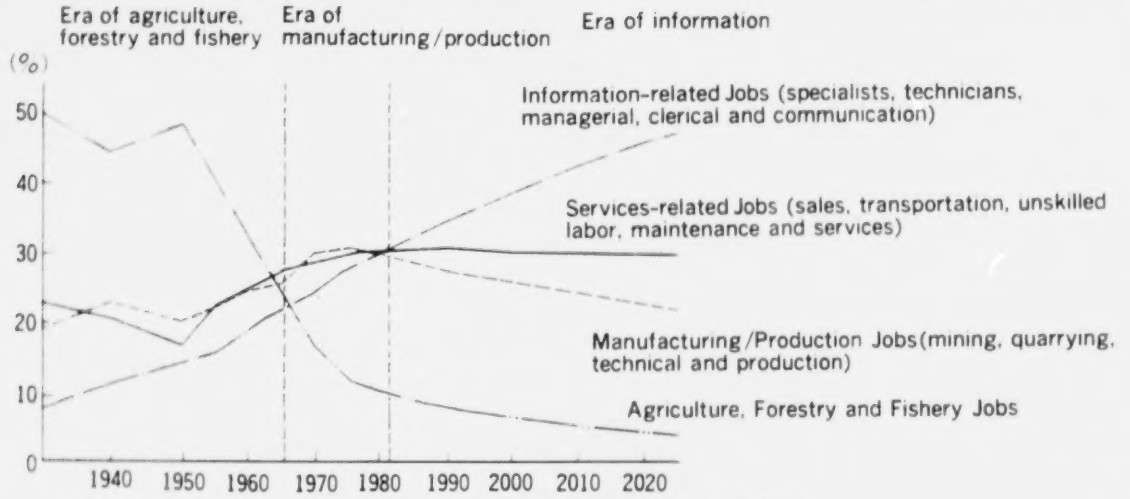


Source : same as Figure 4

Figure 6. The Supply & Demand Gap of Labor in 2000 by Job Category (provisional)

ing/production from the mid-1960s to 1980. We are now in a period of transition from the age of manufacturing to the age of information. Jobs falling within the information-related or service-oriented categories will be much more plentiful hereafter.

Based on the overall concept of the changing job structure described above, specialist and technical jobs which are expected to increase hereafter, and their annual (average) rates of increase from 1970 to 1985, are subclassified in Table 3.



Source: National Land Agency; "Prospects for the 21st Century in Japan"

Figure 7. Employment Structure by Job Category

Increases from 1970 to 1985 were especially notable in the following categories: nurses (350,000), information-related engineers (280,000), tutors (170,000), and social welfare specialists (100,000). The total amount of increase in these seven job categories was 1,300,000, or about 50% of the entire specialist and technical workers' increase of 2,670,000.

Analysis not shown in Table 3 regarding sub-divided job categories revealed the following:

Among sales jobs, a very high rate of increase was observed for jobs such as insurance and other services. This suggests a shift from sales jobs involving products sold at shops to door-to-door sales of services.

Within the service job category, individual services including those performed at households and connected with daily life have declined while those in connection with restaurants and other leisure businesses have increased.

A general view of the changing industrial and job structure has been given so far. Now the progressing diversification of business in various industrial categories will be discussed.

2 Progressing Diversification of Business

Table 4 provides an index as to the progressing diversification of business by showing the percentage share of gross corporate sales contributed by the traditional core business. The lower this rate, the more business diversification is considered to be advanced. In particular, a very low 37.6% was scored by the precision machinery manufacturing industry in 1986. Diversification advanced markedly in 1986 in textile manufacturing (57.1%), wood and wooden products (68.8%) and non-ferrous metal (60.8%) industries.

Table 4. Sales Shares of Core Business Areas

(%)

	1979	1984	1986
Foods	96.1	96.8	97.0
Textiles *	66.3	60.3	57.1
Wood and wooden products *	86.1	72.8	68.8
Pulp and paper	86.1	93.0	92.5
Publishing and printing	99.9	100	88.3
Chemicals	88.4	88.7	84.6
Oil and coal products	99.2	99.7	99.2
Rubber products	90.0	89.6	88.5
Ceramics	75.6	76.4	71.4
Iron and steel	85.8	81.8	78.6
Non-ferrous metals *	89.1	67.7	60.8
Metal products	91.5	90.9	90.0
General machinery	75.9	77.9	73.1
Electric machinery	93.3	95.3	83.6
Transportation machinery	79.4	77.0	79.0
Precision machinery *	59.1	45.1	37.6
Other manufacturing *	71.0	69.7	67.4
Average	86.7	84.5	80.2

Source: Fair Trade Commission Survey

Tablel 3. Working Population Growth Rate by Job Category Sub-classification (specialists, technicians; 1970-1985)

	Working Population Growth Rate (Annual Rate)			
Job Classification (medium)	0.7% or less	0.7%~3.9%	3.9%~6.0%	6.0% or more
Sicentists	Natural sciences, social sciences and humanities researchers			
Technicians	Agricultural and forestry technicians	Mining technicians, metallurgical technicians, machinery technicians, chemists, other technicians	Electric, construction and civil engineers	Information processors
Health care/ medical workers	Midwives	Doctors, dentists, veterinarians, health nurse, therapists	Pharmacists, nurses, nutritionists and other health care workers	
Legal workers		Judges, prosecutors, lawyers, other legal workers		
C.P.A. and tax accountants			C.P.A. and tax accountants	
Teachers		Teachers at kindergartens, primary, junior and senior high schools, universities and other kinds of schools		Teachers at schools for blind and other handicapped persons
Clergymen		Clergymen		
Writers, journalists and editors		Journalists and editors	Writers	
Artists, photographers and designers		Sculptors, painters, handicraftsmen, artists, designers, photographers and cameramen		
Musicans and stage artists		Actors, dancers and stage entertainers	Musicians	
Other specialists			Other specialists and technical workers	Nurses at nursery schools social workers, professional athletes and tutors

Notes:
1. General Affairs Agency "National Census" (in 1970 20% sampling and in 1985 1% sampling)
2. The annual growth rate of the working population from 1970 to 1985 was 0.7%. That for specialists and technical workers was 3.9%.

3. A Profile of Managerial Staffers Needed in the Age of Business Diversification

To promote business restructuring, the role of managers as promoters is very important. Such managers were described in the survey "Company Requirements for Managers" compiled by the General Research Institute of Sanno College as "entrepreneurial" ("managers must change from being coordinative types to entrepreneurial types") and "innovative" ("emphasis must shift from mere management to business innovation.")

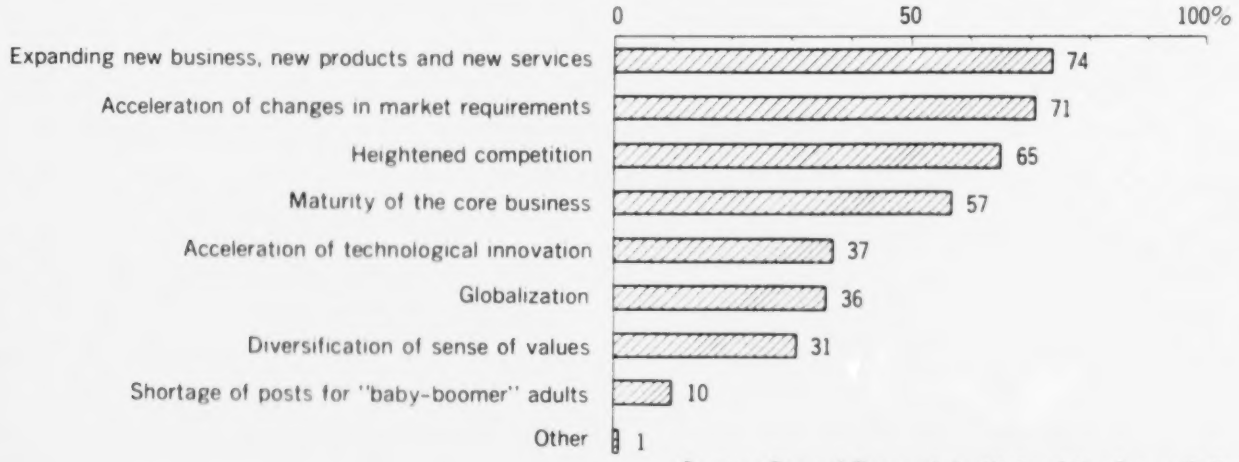
Further discussion will be conducted by referring to the research conducted in 1988 by the General Research Institute of Sanno College (A-research hereafter) and the "Survey on the Development of General Managers' Ability" (March 1988) by the Japan Management Association (B-research hereafter) in order to clarify the new image of managers.

(1) Reasons for Needing a New Type of Managers

Figure 8 gives the reasons for needing new-type managers as follows:

Expansion of new business, new products and new services ·····74%
Acceleration of change in market requirements ·····71%
Heightened competition ·····65%
Maturity of the core business ·····57%
Acceleration of technological innovation ·····37%
Globalization ·····36%
Diversification of Values ·····31%

This data clearly depicts a big change in the requirements of managers amid the restructuring recently being pushed by industry. A new era in which innovative managers capable of transforming established businesses into new areas are in demand has resulted in the replacement of traditional coordinator-type managers (A-research).



Source: General Research Institute of the Sanno College Survey (June 1988); "A Picture of Managers Needed by Companies—A picture of middle-management — a shift from 'coordinating managers' to 'entrepreneurial managers'"
(hereafter called "A research")

Figure 8. Reasons for Requiring Entrepreneurial Managers

(2) Specifics of the New Type of Managers

What qualifications are needed to become a new-type manager?

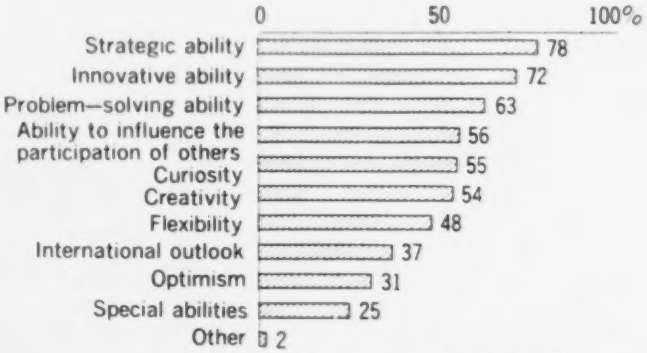
Figure 9 lists the necessary requirements of an entrepreneur-type manager as follows:

Strategic ability·····78%
Ability to innovate·····72%
Problem-solving ability·····63%

These are the top three, followed by

Ability to influence participation of others with different types of ability ·····56%
Curiosity (open-mindedness) ·····55%
Creativity (provide proposals) ·····54%
Flexibility ·····48%
International outlook·····37%
Optimism ·····31%

These characteristics can be summarized into three basic elements of managerial qualifications, namely, vision (strategic and innovative ability), action (problem-solving ability) and communication (persuasive ability to gain participation). The traditional coordinator-type managers stressed communication. However, the new-type manager is expected to have the vision and capability for action required for pursuing strategic ideas.



Source: same as Figure 8

Figure 9. Qualifications Expected of Entrepreneurial Managers [A]

The B-research is summarized in Table 5, showing the necessary qualifications for general managers.

Those qualifications for management ability have not changed. However, new-type managers are required to have innovative power as shown in the lower part of the Table.

Table 6 shows comparisons between the managerial qualifications pointed out by the A- and B-research in a nutshell. Different principles were applied by the studies to classify ability and consequently it is hard to find common elements between them. Still an attempt was made to connect the items given on the left-hand column with those on the right hand column when they have similar implications.

First, the ability to formulate strategy and solve problems poses new questions for recognizing the management environ-

Table 5. General Managers' Abilities

Classification		Ability: Contents
Management ability		1. Task management ability: can manage day to day work properly.
		2. Personnel management ability: can understand subordinates and promote good working relationships among them.
Innovative ability		
	Operations	3. Divisional innovation ability: can innovate operations at the divisional level with new ideas and methods for greater profit or the prevention of losses.
		4. Strategy promotion ability: can draft a corporate strategy for those operations being managed, and promote it by persuading executives to contribute.
		5. Business innovation ability: can innovate unit operation by product category or area to improve corporate texture.
	Personal relations	6. Managerial education ability: can train section managers, immediate subordinates, providing them with more knowledge, ability, determination and drive to directly contribute to the company's profits.
		7. Corporate climate innovation ability: can revitalize and enhance workers' morale, values and behavior patterns towards utilizing their full potential and creating an environment capable of producing high profits.

Source: Japan Management Association; "Survey Report on Development of Ability of General Managers (March 1988) (hereafter called "B research")

Table 6. Comparison of Qualities Needed by Managers

A research	B research
Strategic ability	Task management ability
Innovative ability	Personnel management ability
Problem-solving ability	Divisional innovation ability
Coordinating ability	Strategy promotion ability
Open-mindedness	Business innovation ability
Creativity	Managerial education ability
Flexibility	Corporate climate innovation ability
International outlook	
Optimism	

[Prepared from A and B research]

ment and developing ideas as to the handling of such an environment. The new-type manager needs to have such creative abilities. The B-research also noted the ability to promote such a strategy conceived in actual management conditions.

The second ability expected is innovativeness, which is by all means included in strategic ability. Innovation requires the destruction of the status quo. It can only be achieved against resistance on the part of those who are accustomed to the traditional climate. New managers must have the ability to undertake innovation in enterprise structures, business categories and business climates, dealing flexibly with such an atmosphere of resistance. To promote innovation, such charac-

teristics as open-mindedness, creativity, flexibility and optimism noted in the A-research are needed.

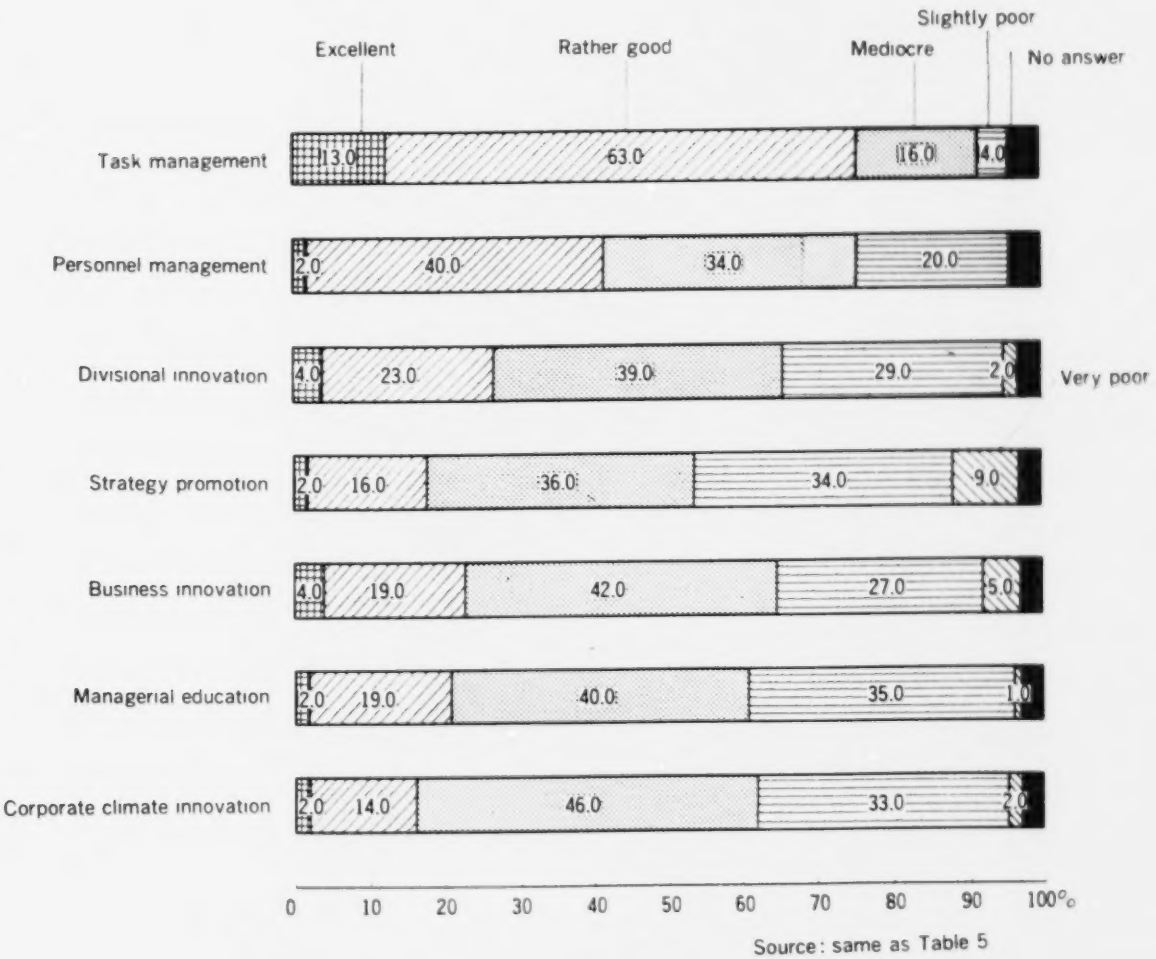
Finally, two more important elements can be pointed out, namely the ability to coordinate people in planning (the amalgamation of different abilities) and leadership ability. According to some studies of failed strategies, failure occured not because of insufficiencies in their design but because managers were unsuccessful in obtaining the cooperation of others. Thus, the second element is mental flexibility by means of which they may successfully earn the cooperation of others both within and outside their companies.

4. Measures to Encourage New-type Managers

With the afore-mentioned images of the new-type managers in mind, methods to nurture these managers will be discussed hereafter.

(1) Assessment of Managers' Current Abilities

Accoding to the B-research, corporate leaders gave the highest ratings to the 'task management ability' of their managing employees, out of the seven kinds of abilities expected of new-type managers shown in Figure 10. Most of them assessed this characteristic as being good. If those who replied with 'excellent' and 'rather good' are included, the task-management abilities are rated highly by 76% of respondents. Next comes 'personnel management ability' which 42.0% of the respondents assessed as good. The remaining five characteristics had comparatively low marks, and more than 30% of the respondents assessed them as somewhat insufficient or very insufficient. The top people regard their general managers as having excellent 'task-management ability' and 'personnel management ability,' but beilieved that they are short on 'job innovation ability' and 'human resources innovation ability.'



Source: same as Table 5

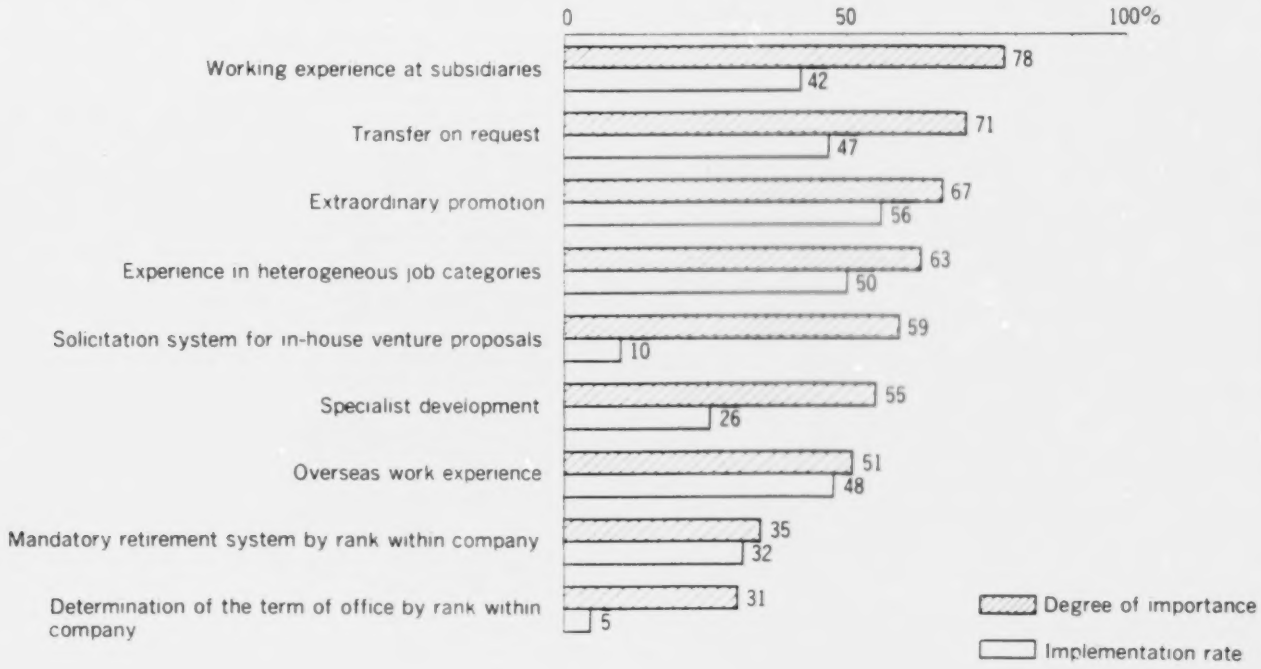
Figure 10. Assessment of General Managers' Capabilities [B]

(2) Specific Measures to Encourage New-type Managers

Figure 11 combines the results of Figure 10 and the A-research in order to get at specific measures for nourishing new-type managers.

As to assignment and transfer of personnel, each company's personnel executive regarded the factor of broadening their managers' view as most important. The following measures scored high marks; 'experience in heterogeneous job categories' (78%), 'extraordinary promotion' (71%) and 'working experience at subsidiaries' (67%). Moreover, the majority of the companies considered the following factors as important; 'transfer on request' (63%), 'solicitation system for in-house venture proposals' (59%), 'specialist development' (55%), and 'overseas work experience' (51%).

Actually, however, the majority of these companies have adopted only the strategies of 'working at subsidiaries' (56%) and 'transfer on request' (50%) out of the strategies proposed above. Only 10% have adopted an 'in-house solicitation of ideas' and a 'venture system.'



Source: same as Table 5

Figure 11. A Personnel Management System for Encouraging Entrepreneurial Managers (placement and transfer): Relative Importance and Degree of Implementaiton [A]

The purpose of the A-research was to learn about personnel management systems for encouraging managers, while that of the B-research was to learn about specific methods including those of a less than formal nature.

Table 7 shows the results of the B-research on proposals for developing general managers' ability. These were classified into three categories; namely, measures based on personnel management concerns, guidance by top executives and assistance for self-innovation. Figure 12 shows the specific measures actually adopted by the companies.

"Individual consultation and guidance are provided by general managers regarding business and divisional planning" (59.0%).

"Using divisional innovation or enhancement of operational performance as consideration for assessment of job performance in presonnel evaluations" (49%).

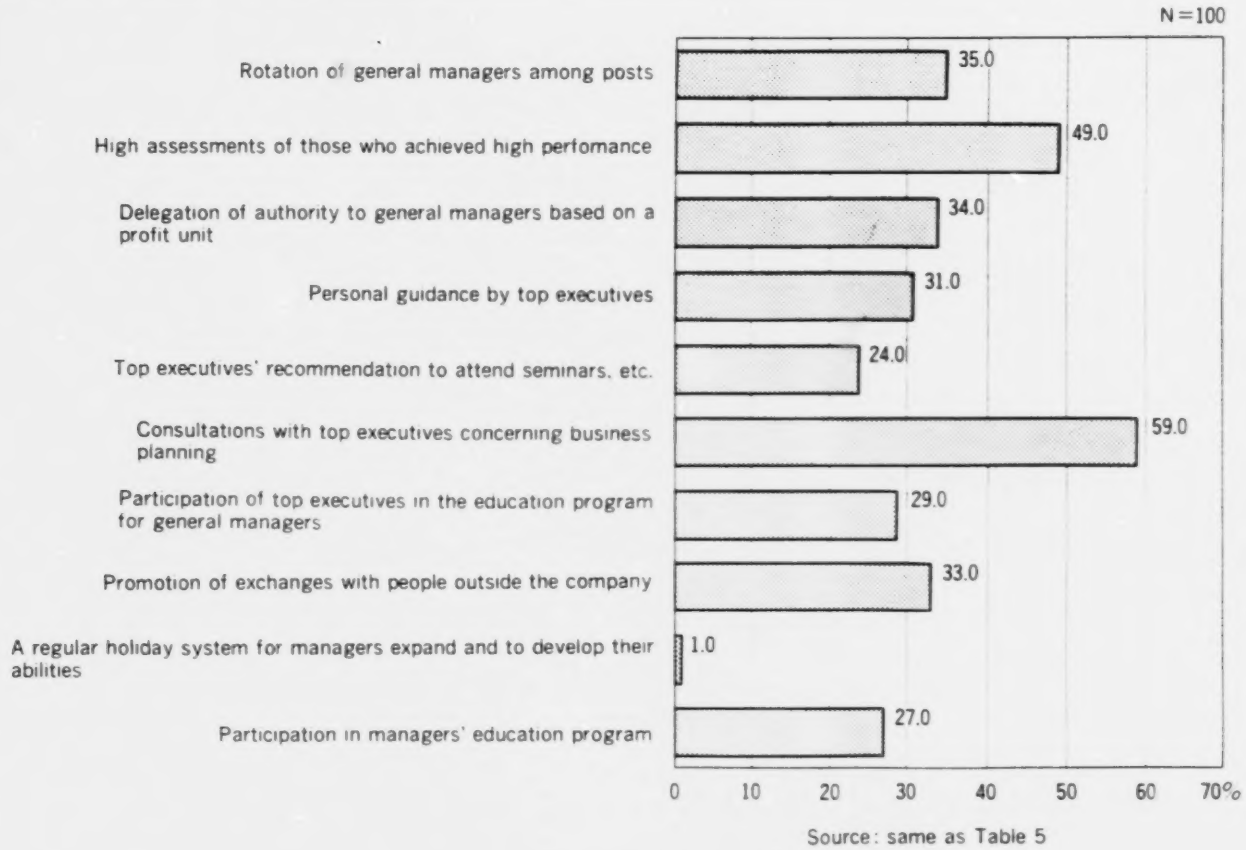
Other notable methods include "rotation of the general-managers' posts" and "delegation of authority."

The methods most commonly implemented are: "Personnel Management's Proposals" and "Guidance by Top Executives." The relaionship between these methods and the development of ability is examined below.

Figure 13 shows this relationship as classified under following three categories: 'Intended as measures to improve ability',

Table 7. Procedures for Developing Skills through Daily Work [B]

A. Personnel management measures	1. Promote the rotation of general managers among posts 2. Assess highly those who contributed to divisional innovation and the enhancement of job performance 3. Delegate authority to general managers based on a profit unit as much as possible
B. Guidance by top executives	5. Top executives advise general managers to attend seminars and study trips to broaden their minds. 6. Consult with general managers over business and divisional planning. 7. Participate in general managers' education program by giving lectures and holding discussions.
C. Assistance to self-innovation	8. Recommend communication and exchange with people outside the company. 9. Have a regular holiday system for managers to broaden their consciousness and develop their abilities 10. Utilize general managers in the training of other managers and junior employees.
D. Other	



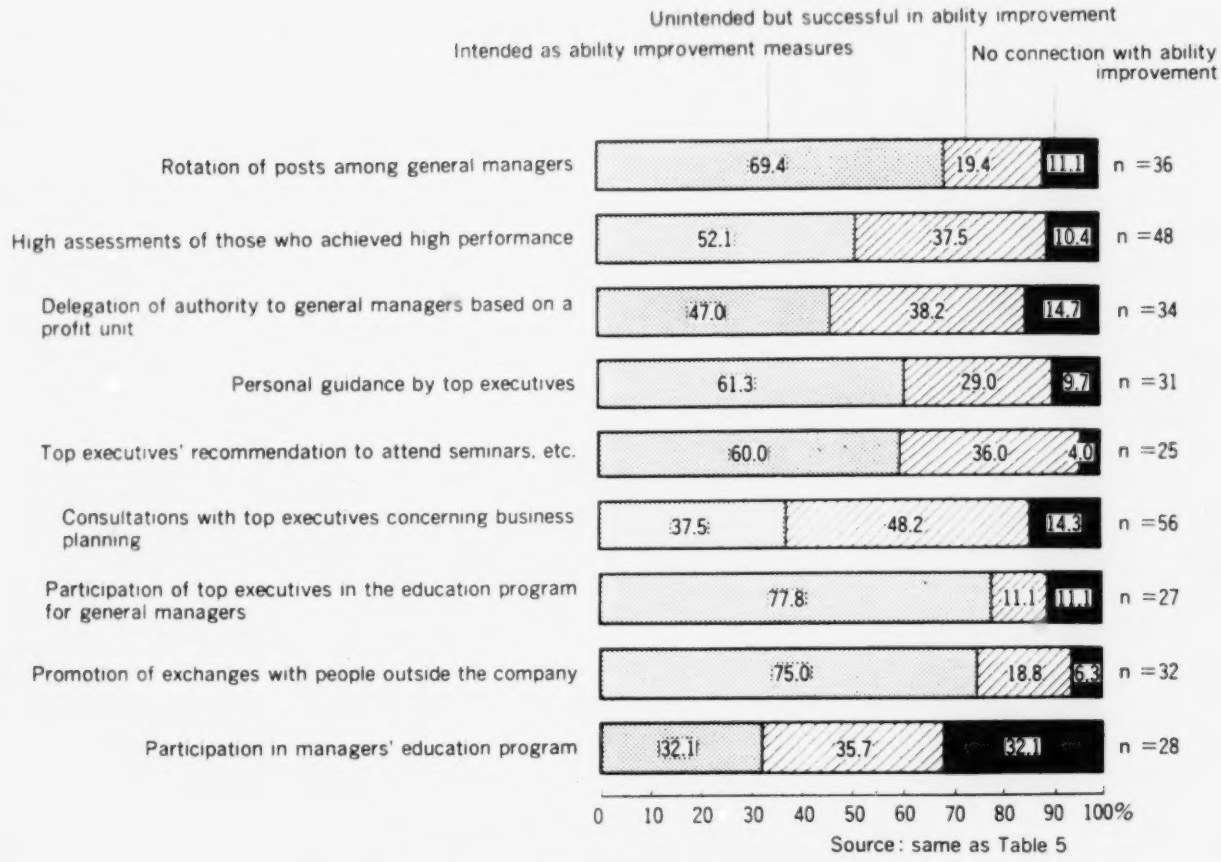
Source: same as Table 5

Figure 12. Current System for Enhancing General Managers' Ability [B]

'Not intended but helpful for upgrading ability' and 'no connection with ability improvement.'

The total percentage of the first two categories, namely, 'intended as ability improvement measures' and 'not intended but helpful for upgrading ability,' will provide a meaningful index indicating the importance of improving general managers' ability.

Based on this understanding, the three classes of measures shown in Table 7, that is, A) proposal based on personnel management concerns, B) guidance by top executives and C)



Source: same as Table 5

Figure 13. Effect of Procedures to Enhance General Managers' Ability [B]

assistance to self-innovation are given scores as follows:

A. Proposal based on personnel management concerns;
- Give positive evaluations to those who have achieved results in operations ·····89.6%
- Rotation of posts among general managers ···88.8%
- Promote delegation of authority to general managers based on profit units·····85.2%
- Average ·····87.8%

B. Guidance by top executives;
- Recommend attendance of seminars or the like given by top executives ·····96.0%
- Individual guidance by top executives ·····90.3%
- Collective education of general managers by top executives ·····88.9%
- Consultation on business planning ····· 35.7%
- Average ·····90.2%

C. Assistance to self-innovation
- Recommend exchange and communication with external people outside the company ·····93.8%
- Activities to educate managers and other junior employees ·····67.8%

The average scores for these three proposals were: A) 87.8%, B) 90.2% and C) 80.8%.

In particular, it should be noted that B, assistance by top executives, scored higher marks than A, proposal based personnel management concerns. Traditionally, good personnel management ensured the proper development of a general managers' ability. However, present-day needs demand that top executives play a more active role in this activity.

Especially, item 5 of measures taken by top executives, i.e. recommendation to attend seminars, earned the highest score of 96.0%. Moreover, this measure gained 36.0% in the category of unintended but helpful to upgrade ability. This finding will be treated in more detail later.

Here this total value is examined in connection with the rate of importance. Figure 14 shows a cross correlation between the results expressed in Figure 12 and the aforementioned total value, with the rate of application on the vertical axis and the rate of importance on the horizontal axis. The numbers show the specific items measured. The letters A, B and C refer to the above-mentioned three categories, namely A) proposal based on personnel management concerns, B. top executives' guidance

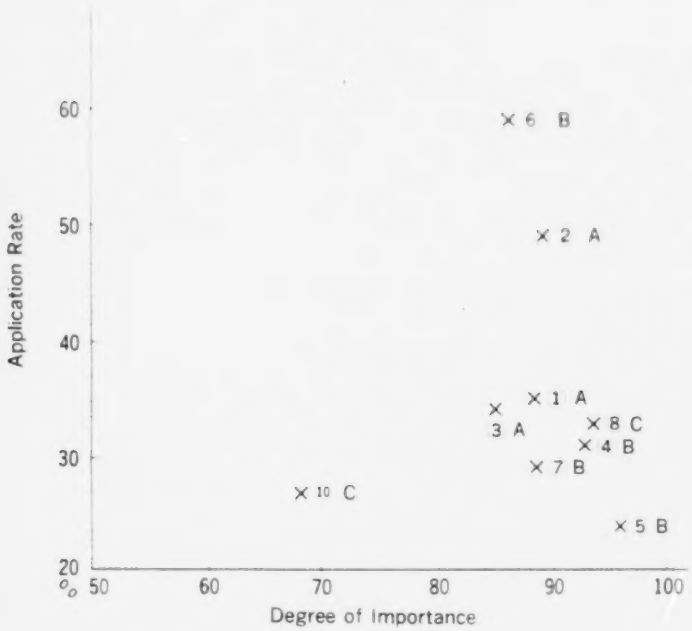
and C. assistance to self-innovation.

The following conclusions can be drawn after examining this table.

For both the degree of importance and degree of application, consultation with top executives on business planning earned the highest marks.

As for the proposal based on personnel management concerns, positive personnel appreciation as a reflection of the assessment of employee performance scored high marks in terms of the rate of importance and the rate of enforcement. As to items (1) and (2) in Figure 14, the rate of importance scored rather high marks, but the application rate was 35.0% and 34.0% respectively, which were not so high. Personnel assessment for general managers will be discussed later.

As to top executives' personnel guidance, the rate of importance was higher than the application rate of the proposal based on personnel management concerns as mentioned earlier. However, as was shown in Figure 14, aside from the item "consultations with top executives on business planning", the application rate is very low, which is worth noting. Here, some useful hints could be ascertained to launch subsequent measures. In short, it is very important for top executives to exercise leadership in upgrading general managers' ability.



1. Rotation of general managers among posts
2. High assessment of employees who achieved high performance
3. Delegation of authority to general managers based on a profit unit
4. Personal guidance by top executives
5. Top executives' recommendation to attend seminars, etc.
6. Consultation with top executives on business planning
7. Top executives' participation in collective education programs for general managers
8. Recommend broader exchange with people outside the company
10. Educational activities for section managers and lower ranking employees

A. Measures of personnel management concerns
B. Top executives' guidance
C. Assistance to self-innovation

Figure 14. Application Rate/ Degree of Importance Cross Cut [B]

(1) Personnel assessment for managers

The B-research led to the following conclusions as to the degree of importance regarding general managers' ability improvement.

Positive personnel assessment for those who achieved high performance ·····89.6%
Rotation of posts among the general managers ·····88.8%

These two items had very high scores. However, these measures can only be successful as long as the personnel assessment of general managers is made accurately. This aspect is dealt with below using the results of the B-research.

This research was conducted only on companies which had personnel assessment systems applicable to the general managers class.

Figure 15 shows the results as follows:

Have written rules for such a system ·····51.0%
Have established common principles ·····19.0%

The total of these makes 70% indicating presence of some form of personnel assessment system applied to the general manager class at 70% of the responding companies. Nevertheless, the writer is rather annoyed that the reply "don't necessarily have a clear-cut system" scored 25.0%.

Given this, what are the key points for assessing general

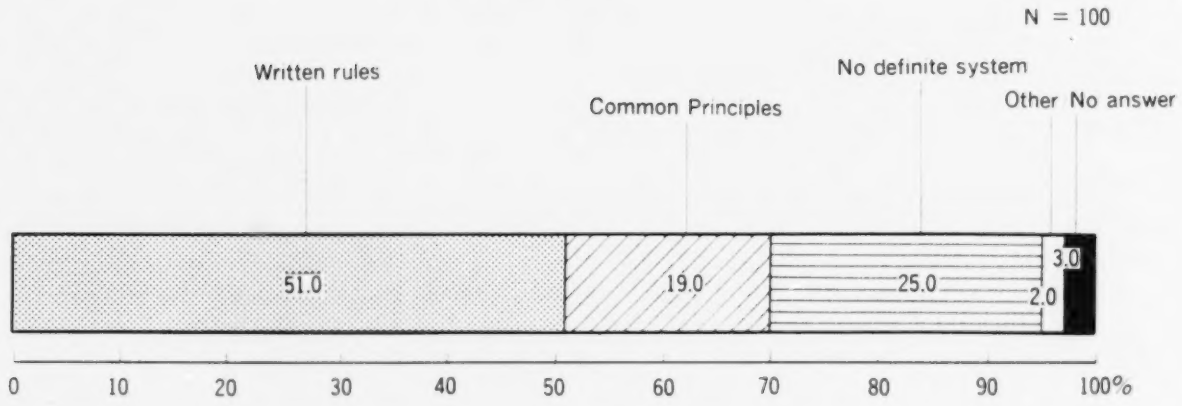


Figure 15. Personnel Assessment System [B]

managers' performance for the sake of the company's personnel management?

Figure 16 shows that respondent companies stressed the following abilities:

Business innovation ·····48.1%
Strategy promotion ·····46.8%
Division innovation·····42.9%

Note that each of these scored more than 40.0%, showing that the general managers must really have them.

Figure 17 shows a significant cross-correlation between this data and the results shown in Table 5 "General managers' abilities."

Among general managers' abilities currently considered important by the companies, 'task management ability' in fact

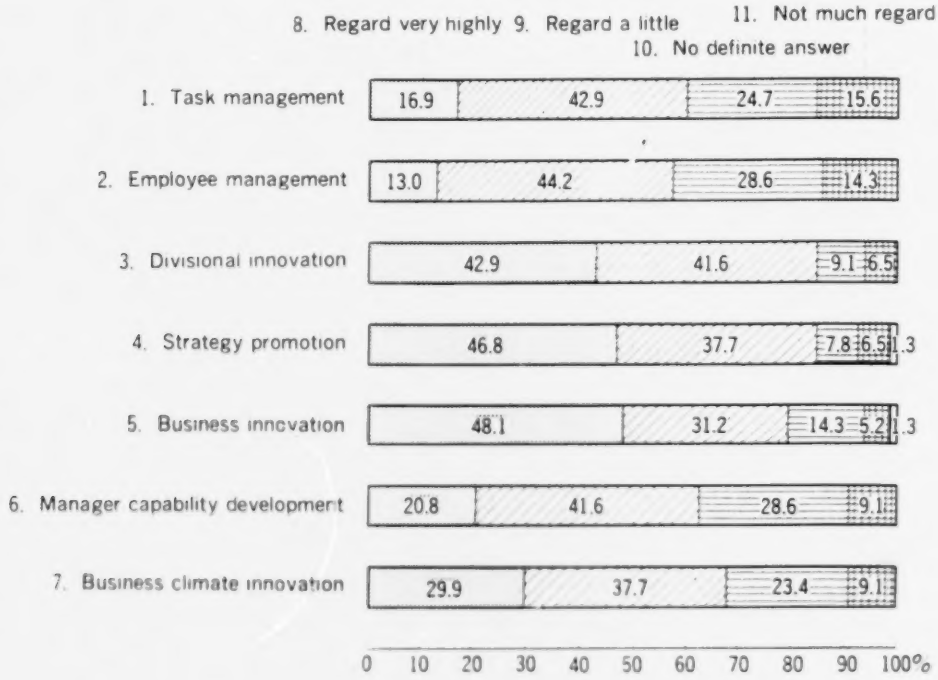


Figure 16. The Degree of Importance in Assessing General Managers' Ability [B]

was not deemed to have a high degree of importance, whereas the following earned rather high marks in this respect.

·Business innovation
·Strategy promotion

-Division innovation

However, their current value for personnel management purposes is considered very low. To summarize, the top executives regard their general managers' ability as very unsatisfactory despite their strong stress on the above-mentioned three elements mentioned above. These results show very clearly what abilities general managers are expected to develop hereafter.

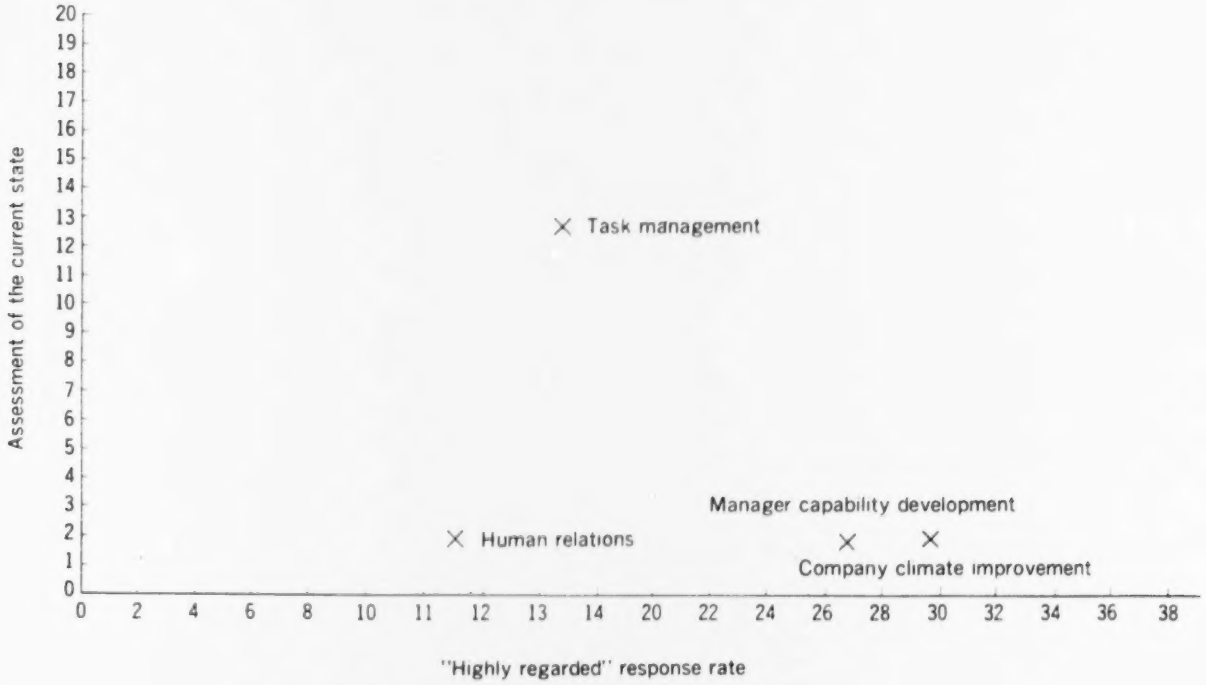


Figure 17. Cross Cut between Current Assessment of Ability and "Highly Regarded" Response Rate [B]

Let's reconfirm the key points of methods for manager training.

1) Leadership by top executives should be exercised much more strongly because this point was considered important (high degree of importance) but was not actually given proper attention (low rate of application).

2) Development of business innovation ability, strategy promotion ability and divisional innovation ability must be pursued because these factors are considered important but not actually assessed when companies assess their general managers' performance.

With these results in mind, recent trends in personnel assessment will be discussed below.

As to the new image of managers discussed above, the following passage should be noted:

Amid the restructuring vigorously being pursued among companies of late, qualifications expected of managers are changing extensively.' The age of coordinator-type managers is ending, and that of managers capable of creating a new businesses or drastically changing conventional businesses is hoped for (the emergence of entrepreneurial managers). Consequently, education to create entrepreneurial managers has become a new duty for management. However, the behavior patterns of old-style managers may conflict with this requirement. A long-standing principle of personnel management followed by all Japanese companies will be reviewed. It is known as the principle of demerit finding. Once one has failed in a Japanese company, it is very difficult to catch up with one's colleagues afterwards. Professor Hanada of Sanno College presented typical examples of this in his research report published in the Nikkei Sangyo Shimbun on October 22, 1988.

"An insurance company pursued the following personnel management wherein male regular employees graduated and employed in 1955 were evaluated, with some becoming losers who were shaken off by their company."

There were twenty-seven of them in the beginning. Four years after they had been hired, the company made the first personnel selection, and promoted fourteen out of the twenty-seven to the post of deputy manager. Thirteen years after their entry into the company, ten out of the fourteen deputy managers were promoted to manager. Thus, the company had squeezed the original twenty-seven members to less than 40% in its

screening to form a top management group. Thereafter a third selection was made, with eight becoming deputy general managers and five becoming general managers twenty three years after the start of their employment in the company.

The surviving five were consistently given full marks during their twenty three years. Once one had failed, one was unable to catch up with one's colleagues. Thus, those who didn't make the cut were promoted after a delay of a few years relative to those given earlier promotions.

The company did not give losers a chance to revive their careers.

Professor Hanada wonders if elites can only survive by avoiding failure. Such people could well be of mediocre ability since their only concern is to avoid risk rather than accept challenge.

At an organization pursuing such a personnel management system it is more important for its employees not to score poor marks than to accept some risk by seeking innovation. However, entrepreneurial business is by nature a risky business with a great potential for failure. Under such a personnel management system, no matter how much the top executives attempt to exercise leadership and encourage their junior managers to display initiative, the juniors will not dare to act in this way. Such managers will never become entrepreneurial under this traditional principle of personnel assessment.

Recently, attempts are being made to overcome such contradictions by Kirin Brewery, Hoya, Nissho-Iwai, and Sumitomo Metal. Generally, these companies stress merits rather than demerits when making decisions on promotions. A one-time loser is likely to have another chance in his career. This method of assessment may be described as follows.

-Assessment of willingness to take risks: Employees will be evaluated highly as long as they show a willingness to accept risks. Those who stick to the safety-first principle will be given poor marks. They have introduced a principle of initiative assessment in judging their workers' performance.

If an employee has failed, but displayed an appropriate attitude in taking on a challenge, he will be given 50 points at the worst, while those who feared failure and showed no merits are given a zero rating.

-Disregard failures in the past: The traditional cumulative scoring system consists of merely adding the scores gained during a three-year (or two-year at some companies) period. Under the new system, however, a failure more than three years previously would not be included in efficiency ratings.

Under the new personnel assessment system, entrepreneurial employees with find it easier to succeed in eliciting a change in management's actual behavior in the desired direction.

However, Japanese companies tend to introduce new personnel management systems gradually. A-research attempted to determine the progress made so far. It has investigated the requirements of establishing a personnel management system for creating entrepreneurial managers, and the extent to which such needs were being acted upon by personnel management. Figure 18 shows the following results.

Performance based assessment ·····78%
Target control ·····77%
Merit-adding assessment ·····68%
"Consolation match" system ·····67%

All these were considered important by at least two thirds of the respondent companies.

However, the actual situation was the following.

Performance based assessment ·····64%
Target control ·····58%

In contrast to the above two items with high implementation rates, the "Consolation match" system scored 30% and the merit-adding system only 23%.

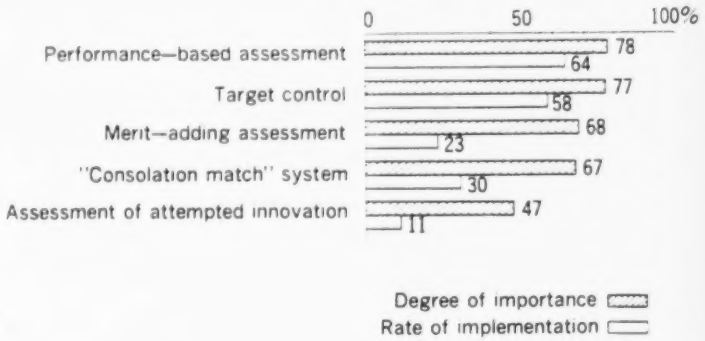


Figure 18. The Degree of Importance and Implementation of the Personnel Management (Assessment) System to Encourage Entrepreneurial Managers [A]

At any rate the survey shows a clear trend appearing in modern personnel management and assessment systems.

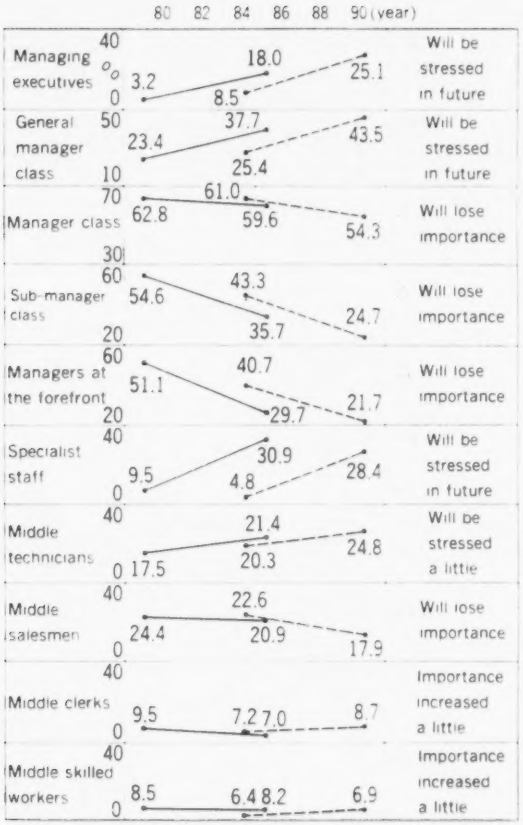
What must be noted is that this tendency concerns not only managers but general employees as well; as was learned through case studies of some companies. A clear trend is observed at Japanese companies in which a transformation of their employees behavior patterns is being sought through a revision of the personnel management system.

Finally, personnel education and training will be discussed below.

(2) Education and Training for Managers

Figure 19 shows the results of a survey on in-company education. It shows what type of education should be given to what class of employees, and how such education will change hereafter.

Why are values for 1979 connected to those for 1985 with lines? The values represent the actual importance the companies assigned to their employees' education in 1979. These



Source: Surveys for 1979, 1985 (estimate) taken in 1980, surveys for 1984 and 1990(estimate) taken in 1985, Japan Federation of Employers' Associations and Japan Industrial Training Association

Figure 19. Changing Attitudes on the Importance of Managerial Development

values are connected to values for 1985 which represent the expected degree of importance as estimated in 1979. The dotted lines connect the actual values of degree of importance in 1984 with the degrees of importance for 1990 as estimated in 1984. For instance, as for the top column regarding the managerial class, the degree of importance for education was only 3.2% in 1979. Nevertheless, this was expected to increase greatly in 1985 as it was assigned an 18% rise as estimated in 1979. Actually, however, in 1984 only 8.5% of respondents considered education for managers to be important, a far lower percentage than was expected in 1979. Consequently, if a forecast is made for 1990 based on the 8.5% statistic recorded in 1984, the rate of importance for 1990 should be 25.1%. This value suggests education for the manager class will be rated more highly in the future.

As for approach, the following three judgments were solicited, namely ◎ will be important in the future, ○ will be a little more important and △ will lose importance.

The ◎ mark was given to the executive officers, general managers and specialists. The ○ mark was given to middle-ranking technicians, clearks and skilled workers. The results suggest future educational requirements are high for executive officers and the general manager class.

These findings are expressed in connection with educational programs in Table 8. This survey was performed on fields where the amounts of Off-J.T. are expected to increase. As to education given to managers, the following scored high marks. In paticular, the first category had a remarkably high score.

Education on policy, planning and management strategy ·····83.8%
Education to improve specialists' ability·····34.7%
For information processing ·····32.5%
For employee health ·····27.3%

Next, the substance of actual education for general managers will be discussed based on the foregoing prerequisites and the results of B-research.

We have already seen how top executives' initiative was important to further improve general managers' ability. The situation of Off-J.T. for general managers will now be reviewed.

First, the way in which Off-JT (Off-the-job training) has been performed is examined in Figure 20. Second, the rate of Off-JT implementation is also given in Figure 21.

Each company has provided opportunities to participate in collective in-house seminars and outside seminars or lectures.

Table 8. Fields Where Off-JT Will Become More Important

Job category	Policy, planning and management strategy	Information processing	OA equipment operation	FA equipment operation	High-technology	Education to raise the capabilities of specialists	Education to maintain middle-aged workers' ability	Education to utilize women workers	Education for international operations	Education to promote job rotation	Health care	Other
Total	29.8	30.8	37.0	13.2	14.1	38.8	18.9	21.1	8.1	11.1	26.6	1.8
Technicians	6.6	41.8	32.2	27.2	48.5	56.5	10.5	6.7	12.3	8.5	25.7	1.1
Managers	83.8	32.5	27.0	5.9	13.3	34.7	22.2	11.0	11.9	8.3	27.3	1.5
Supervisors	30.4	20.4	21.2	21.9	14.8	47.1	20.2	11.1	4.2	12.7	31.1	2.4
Clerks	12.2	42.0	80.0	7.2	1.4	31.1	13.3	43.5	5.8	7.8	21.1	1.0
Sales	28.3	41.4	33.9	3.4	7.8	36.4	16.6	19.0	13.7	11.4	23.4	2.6
Skilled workers	3.2	6.9	13.4	26.9	13.7	42.1	28.8	14.5	2.6	23.1	32.3	2.8
Part-timers	1.7	4.5	17.0	6.2	0.6	22.5	25.8	51.5	—	7.3	32.2	4.1

Moreover, nearly half of the respondent firms have sent their managers on overseas tours for study purposes.

Next, the frequency rate of Off-JT activities is examined in Figure 22. The examination was made in three categories as follows:

·Done regularly, ·Done when necessary and ·None.

About one fourth (27.0%) replied that they are regularly conducting such activities.

We have seen the actual state of general managers' ability assessment in Figure 10, where only their task management ability was highly rated, while other merits were not assigned a high degree of importance. In view of the low rate of recognition at present, the education and training programs companies are now offering do not seem to meet their true needs, although 27.

Figure 20. Types of Off-JT [B]

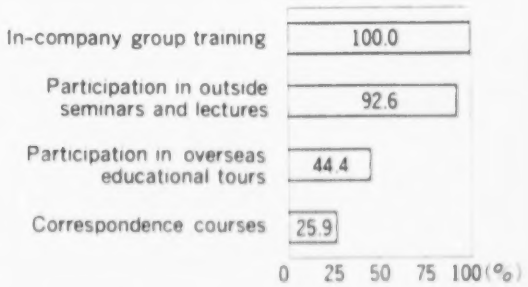


Figure 21. Actual Form of General Managers' Education [B]

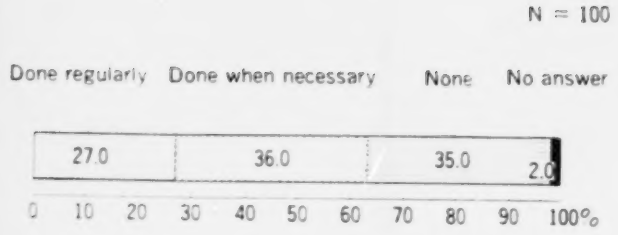


Figure 22. Actual Situation of Off-JT [B]

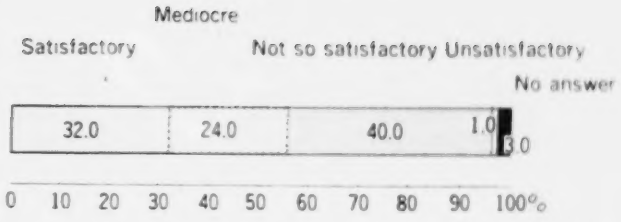


Figure 23. Satisfaction of Top Executives with General Managers' Abilities [B]

0% of them replied that they conduct education and training programs regularly.

Next, the B-research examined the degree of satisfaction top executives have toward their general managers, with results as follows: About one third (32.0%) replied that they were satisfied with their general managers. In contrast, 40% replied that they were not so satisfied with them. Their degree of satisfaction or dissatisfaction in relation to the rate of enforcement of Off-JT is given in Figure 24.

Among those who are satisfied with their managers 31.3% have provided regular education for them, whereas 29.3% of the companies which were not satisfied with their general managers have held educational programs regularly.

This result contradicts the common-sense expectation that the more unsatisfactory general managers' abilities are, the more need there is for regular educational programs for them.

Figure 21 gives the program modes. The results of these are listed in Figure 25.

In particular, overseas tours for educational purposes scored high marks (41.7%) as having excellent results while as to collective training such as seminars held within and outside the companies, 30.0% replied that they had very good results for both types, which is not so high.

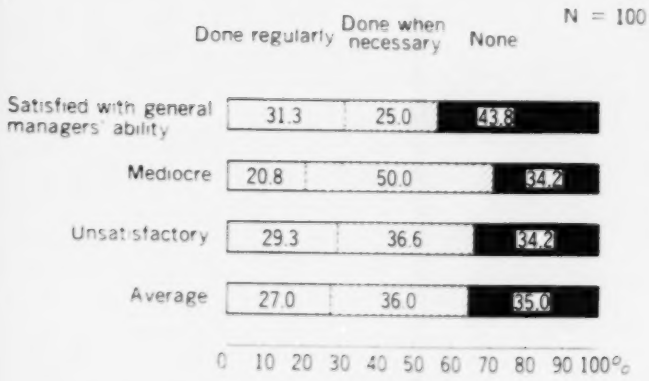


Figure 24. Actual Frequency of Off-JT by Degree of Satisfaction with General Managers' Abilities [B]

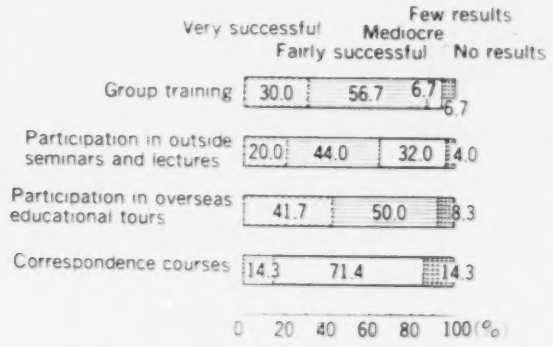


Figure 25. Results of Actual General Managers' Education by Type [B]

Figure 26 lists methods of in-house group training. Lectures had a very high percentage of 77.8%. It would be interesting to investigate the degree to which general managers feel it is enough just to attend a lecture in order for their ability to improve.

Next, group discussions and presentation meetings scored 70.4%, which is also very high, but very meaningful as a form of high level education for the general managers who are expected to have the ability to innovate their divisions, promote strategies and innovate businesses.

In contrast, case studies and business games scored very low marks of 29.6% and 14.8% respectively. These were unpopular possibly because investment costs are high for preparing case studies and games.

Next, the length of group study sessions are shown in Figure 27. In-house group studies were given for three days at 24.8% of the companies and for four days or more at 26.3% of the companies, resulting in a total of 51.1%.

As to outside seminars and lectures, four days or more scored 57.6% and three days, 10.5%, resulting in a total of 68.1%. These totals suggest that considerable numbers of days are allotted to both in-company and outside educational sessions.

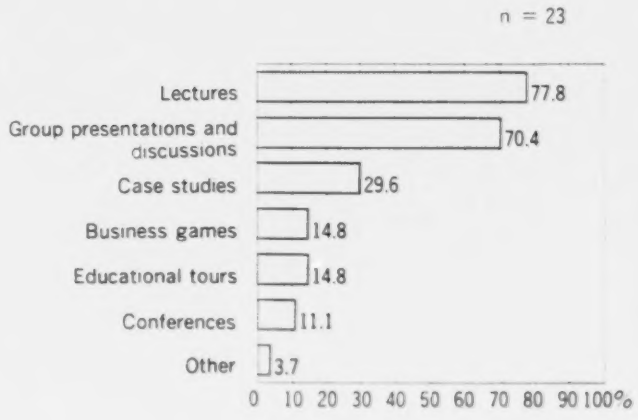


Figure 26. Methods of In-company Group Training [B]

The education and training for the general managers discussed above is summarized in the following.

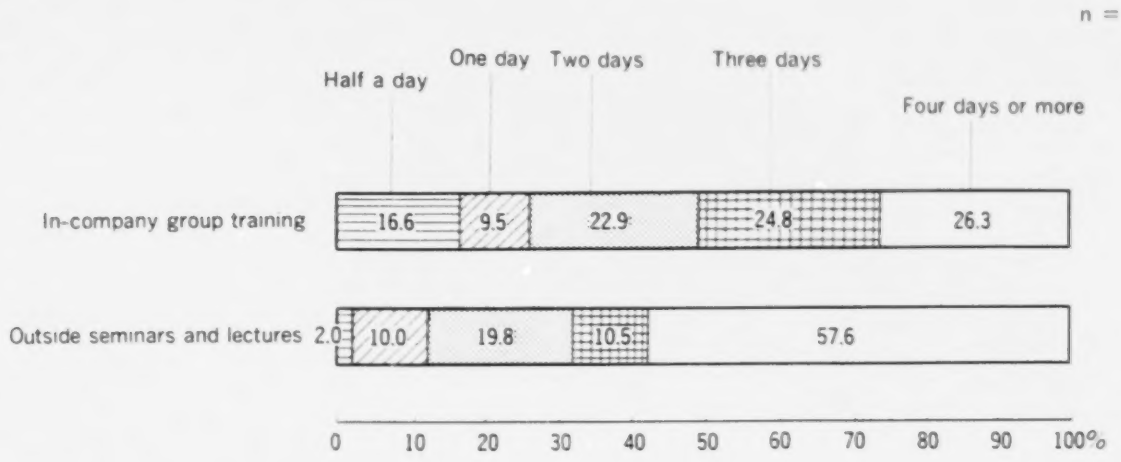


Figure 27. Ducation In-company Group Training Sessions [B]

Development of managers' education should be promoted by the top executives themselves (Fig. 13). In addition to development through daily tasks, Off-JT must be utilized. (Fig. 28)

Educational and training needs for managers are very high.

Considerable time is spent on each Off-JT session whether it is held within the company or externally (Fig. 27). However, educational meetings are not regularly held. Thus, the insufficiency of general managers' abilities or dissatisfactions of this sort was not so apparent to the executives (Fig. 22 and Fig. 24).

As for Off-JT actually provided, the success rate was not so high (Fig. 25).

Methods of education also need improvement (Fig. 28). Generally speaking, the companies feel it is necessary to develop general managers' ability at a very quick pace.

To meet their needs, companies have made efforts to educate their general managers.

Nevertheless, it has to be concluded that such efforts were not always successful in satisfying the companies' real needs.

The B-research revealed an interesting phenomena regarding companies which did not have such a system despite recognizing the necessity for one. They replied that they did not have such a system because of the following reasons, as shown in Figure 29.

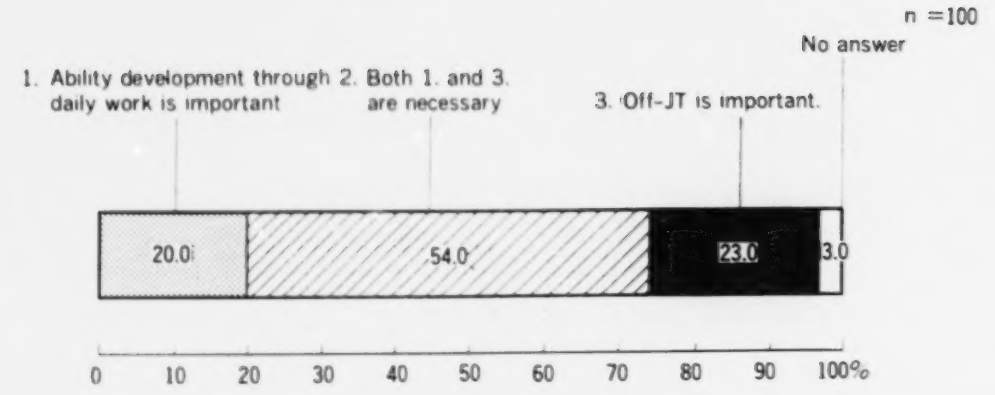


Figure 28. Educational Methods for General Managers [B]

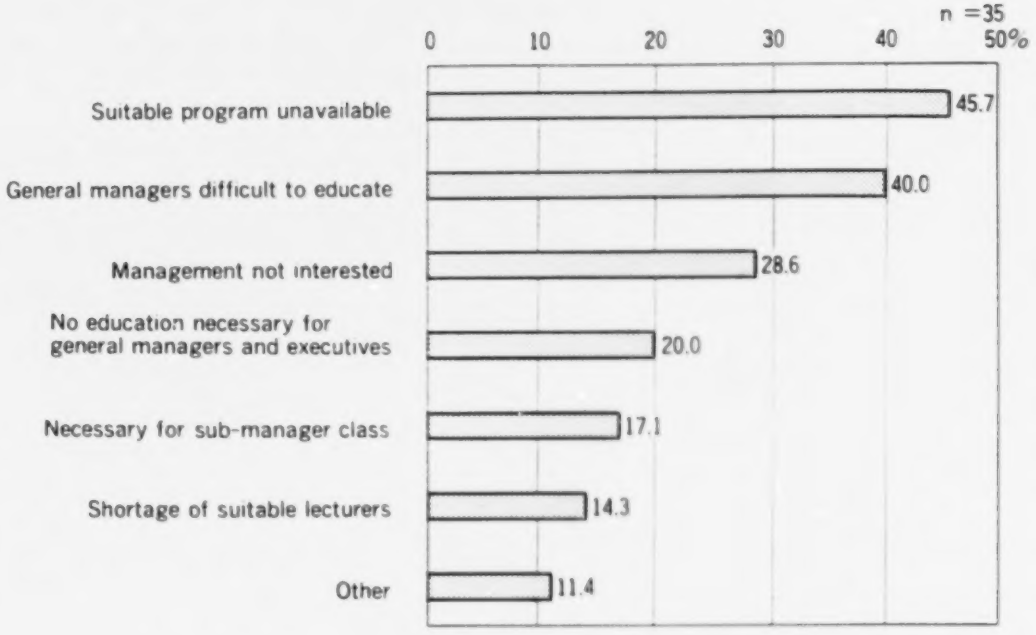


Figure 29. Reasons for Absence of Education for General Managers [B]

They simply did not have a proper program, above all else. Perhaps they were aware of their needs but unable to develop such a program themselves.

The next reason most commonly chosen was that the education of general managers involves difficulties in general. The rest we have to guess. Perhaps the personnel in charge of in-company education and training are assigned to the respective levels of sub-managers, managers and general managers in

principle. However, the general manager in charge of the education division may hesitate to educate other general managers because they are equals.

Consequently, executive education involves even more difficulty because executives are senior to the general manager in charge of education. The staffers in charge of education must really ponder what roles they can meaningfully play in this regard. This aspect is also deeply connected to the attitude of executives handling employee education.

Next comes the reply that the executives are not much interested in education. Under such circumstances, there is no way of introducing an effective program.

We have already discussed the relationship between measures designed to improve general managers' ability and the results of their ability improvement in Figure 13. The item regarding the top executives' recommendation of participation in seminars scored the highest percentage in terms of the categories 'intended as ability improvement measures' and 'unintended but successful.'

The education of general managers will become effective only when top executives take initiative in this direction.

The B-research brought out many meaningful conclusions. One topic that it surveyed was whether promotion is based on the seniority principle or performance-oriented. The survey divided the respondent companies into these two classes, and examined varieties of existing education and training programs in each category as shown in Figure 30. The following may be generalized from the results: performance-oriented companies have a higher implementation rate of general managers' education programs than do seniority-based companies.

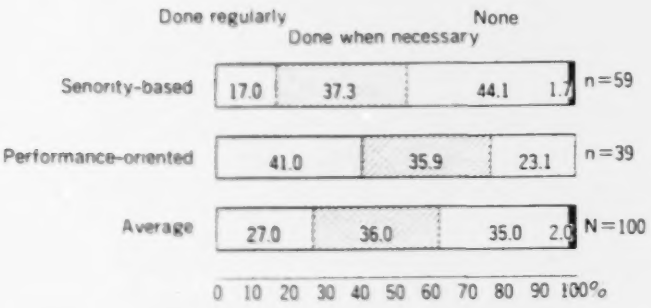


Figure 30. Actual Status of Education within Performance-oriented and Seniority-based Companies [B]

In terms of top executives' participation, at performance-oriented companies the top people have very good reasons to promote the establishment of performance-based evaluation systems with which they can recognize the actual level of their managers' abilities, and thus are able to provide them with effective educational programs.

Let us summarize vocational education for general managers in Japan once more.

The whole industry is now strongly aware of the need for training general managers. However, without understanding on the part of executives, effective educational programs will not be promoted. With these in mind, the substance of such education could be examined for further improvement.

The issues centering on the manager class have been given sufficient attention. Next comes the issue of in-company job mobility.

5. Problems of Job Conversion

As mentioned above, the restructuring of an enterprise involves the creation of a new business structure, which requires new human resources to accomplish different kinds of work. In Japanese companies, such manpower requirements will be satisfied from within the company as much as possible, for example by manpower transfers from divisions experiencing a slump to divisions in good condition. This process brings with it the very difficult problem of job conversion. Actually, restructuring cannot be accomplished if the problem of job conversion is not solved. We can consider job conversion to be one of the most important factors of enterprise restructuring. However, the issue of job conversion has not been throughly examined so far in Japan.

Of course, it is not that Japanese enterprises have no experience with job conversion. They have gone through the technological innovation of "automation," or the mechanization of the production line, and the consequent modification in job specifications, and are currently in the midst of virtual job conversions resulting from the application of microelectronics. There have been many similar instances accompanying business diversification or new business start-ups in industries such as textiles and electrical materials.

There are indications, however that the types of job conversions in progress today differ from earlier types in some ways. Table 9 points out these differences.

In this table relationships between former and latter jobs are compared. Formerly, job conversion was carried out on the basis of making the best use of the skills and abilities already acquired, and therefore, there was a similarity of skills. Consequently, in many cases conversion was made between jobs which were similar in nature. On the contrary, it is expected that future job conversions will be conducted regardless of skill affinities, and the jobs involved will be quite different in nature, for example from manufacturing to technical service or sales, or from motor manufacturing to NC equipment manufacturing.

In the case of earlier technological innovations mainly workers in their twenties and thirties were subject to job conversions, and many such workers were expected to eventually hold key positions. Although there were instances in which middle aged workers were subject to job conversion, many such cases involved conversion to peripheral jobs within new project

Table 9. Comparison of Past and Future Job Conversions

Items	Past job conversions	Future job conversions
similarity of skills between former and latter jobs	for transfers between similar jobs, the gap is small	for transfers of jobs with fewer similarities, the gap is large
age group of employees in need of job conversion	workers in their twenties and thirties, projected key personnel	mostly middle aged workers including those from unprofitable divisions
job and skill lifecycles at new job sites	the speed of technological innovation was slower than it is today	job conversion will not happen just once, because the lifecycle of skills is very short

divisions or to management divisions, unlike the recent cases of conversion to new jobs in manufacturing workshops.

However rapid the pace of technological innovation in the past, the life cycles of jobs and skills were not as short as they are today. Today, job conversion cannot be thought of as a once-in-a-lifetime experience, because job and skill lifecycles at a new job location are so short that there is always the possibility of another job conversion becoming necessary.

One of the few detailed studies on job conversion is a report by Akira Nakamura titled "Job Conversion in Work-Site Departments and Post-Retirement Re-Employment Assistance in White Collar Departments: Career Development Assistance as Seen in the Example of Work-site Job Redevelopment" presented at the International Seminar on Career Guidance held in October and November 1988 in Japan.

This report will be used in order to examine the actual situation of job conversion in Japan.

(1) Assistance for Job Conversion and Career Redevelopment in Production Divisions

Case Studies of Job Conversion

Outlines of the job conversion practices in the companies surveyed in the report are shown in Table 10.

On the right side of this table, the approach to job conversion taken by each individual company is shown. These approaches or "schemes for job conversion" are summarized as follows:

-rally the whole company to face the difficulty in solidarity.
-conduct skill evaluations and carefully select the personnel involved, as well as their eventual positions.
-make use of OJT and Off-JT programs formulated with the cooperation of educational staff, production-line engineers and the recipient divisions.
-establish an observation period and carefully monitor maladjusted workers.

Each company shares the following two measures in common with the others.

-ensure that all employees recognize the importance of job conversion concerning the survival of the enterprise itself
-give thorough consideration to every one of the workers subject to job conversion

Next, referring to the report mentioned above, case studies of some companies which implemented job conversion will be examined. (See Table 10)

Company A carried out job conversions involving hundreds of employees, from pump manufacturing and assembly divisions to sales and service divisions. The method used by this company is distinct in that it was possible to consult each of the workers involved on a one-to-one basis utilizing detailed information on their personalities and skill levels, because the personnel and

Table 10. Outline of the Companies Surveyed Concerning Job Conversation of Blue-Collar Workers

	Industry	Number of employees	Reason and background of implementation	Types of measures	From-to	Nature of approaches
Company A	manufacturing of wind and water power equipment	3700	from structural recession to diversification, reinforcement of sales and service division	job conversion	from assembly, machiner. casting to technic.. service of sales	personnel selection based upon detailed personnel information
Company B	manufacturing of motors, NC processing equipment, and electrical equipment	50000 (3500)	from structural recession to diversification, enlargement of NC equipment division	job conversion	from motor manufacturing to NC equipment manufacturing	large-scale personnel transfer and rotation on the basis of systematic collection of personnel imformation, elaborate combination of Off-JT and OJT

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Company C	firebrick manufacturing	2000	from structural recession to diversification, start up of fine-ceramics manufacturing	job conversion	from firebrick manufacturing to fine-ceramics manufacturing	utilization of middle aged workers through "essence learning", stimulation developement and inside evaluation system of the effect of education
Company D	steel manufacturing and engineering	25000	from structural recession to diversification, reinforcement of software division	job conversion	from steel manufacturing to software divison	reformulation of jobs in the receiving sectors (for programmers), limitting of jobs in the receiving sections and creation of educational systems (for SEs)
Company E	manufacturing of watches, digitalizers, CAD, and CAM	5000	change in nature of products, from machanical to quartz-based	job conversion	manufacturing of mechanical watches to manufacturing of quartz watches	motivation of workers involved in job conversion, employment guarantee system
Company F	manufacturing of automobile tires	3700	aging, application of microelectronics	job conversion	from supporting jobs such as conditioning to refining, vulcannization	job re-design and transfer according to the ages of workers
Company G	manufacturing of communication equipment	14000	factory closing, change from blue-colllar to white-collar positions	job conversion	from production division to clerical and management divisions	measures to find suitable jobs, DPT, range of interest and personality evaluations
Company H	manufacturing and distribution of natural gas	13000	conversion of material, microelectronics application, workforce aging	development of educational systems and materials		development of educational materials for the middle aged (CAI), cost evaluation system
Company I	dispatch service of design engineers	3100	technological change	development of educational systems and materials		development of "skill level standards" to raise skill levels, systematization of training and motivation
Company J	general construcion	3200	introduction of office automation throughout the company	development of educational systems and materials		concept of educational investment taking into account the performance of management

education staffs had obtained such information during the initial training period and other educational and training sessions. A variety of measures were implemented during the conversion project. To avoid any impressions of bias, the selection of workers whose jobs were to be converted was based on their competence. Sufficient Off-JT was provided to give workers enough time to resolve their feelings of displacement.

Driven by a slump in the motor production business company B diversified into NC machine tool production and created employment opportunities for over one thousand workers. This company had a characteristic method for selecting personnel, providing OJT, and following-up after conversion. In selecting personnel, the company utilized their system of merit rating which had been developed over the past twenty years or so, making decision on the basis of the "ability development potential" of the individual workers.

In addition, they prepared a new standard of evaluation called the "knowledge application potential" predicated on the belief that the acquired skills of workers cannot be utilized in their new jobs although their knowledge may. In OJT, they follow a method of developing the adaptability of individual workers on the basis of a skill evaluation table used by the line manager. When considering maladjusted workers, they make it a rule to first evaluate the preparedness of the sections receiving the transferees.

In the case of Company G, when the company closed a plant

and moved to a different site, the middle-aged workers in the manufacturing divisions were shifted to clerical and management divisions because it was difficult to transfer them to distant locations. In this company, they pay close attention to the selection of new jobs, decisions on conversion procedures, and the education of sections receiving transferees as well as to discovering the potential capacities and occupational interests of the individual workers whose jobs are being converted to fields completely unrelated to their previous positions.

In the case of Company C, they launched the operation of a very up-to-date fine-ceramics factory with a workforce 45 years and older drawn from a firebrick production line. This company uses its own education and training system, which it calls "essence learning." In "essence learning", education on theoretical concepts is given to workers who have previously relied upon a single skill through analyzing and developing a systematic understanding of their own jobs. For this purpose, various simulations have been devised. At first, through experiments and field observations, trainees obtain knowledge of the theory of brick manufacturing, a craft which they had performed for many years. Thereafter, they learn the theory of their new job, fine-ceramics manufacturing, comparing the differences between the two jobs and applying the knowledge they have acquired.

Lessons Learned from the Case Studies

Resulting from the case study of Company D, the report lists the following three factors as being most important; especially for career-development assistance.

-the development of a diversified system for analyzing transferability and ability development potentials, in other words, a re-evaluation of merits

-the presence of motivation for ability re-development and continual learning

-the improvement of educational and training systems

Each of these factors will now be discussed in detail.

Re-evaluation of Merits

The company adopted a system which they call "from-to analysis" and set up two standards for ability reevaluation.

One of the standards is the evaluation of similarities between the two jobs involved. This includes technical factors, knowledge factors, environmental factors and other psychological and social factors. Empirical facts derived from the study on actual cases are shown in Table 11.

The fundamental idea is to attempt to utilize the worker's existing skills, knowledge and personality in adapting to the new job, by re-evaluating the factors mentioned above.

Therefore, for the purpose of finding out the applicability of skills, knowledge, and personality, and the transferability of a worker, similarities between the two jobs are sought.

For the second standard, psychological and social factors are considered. These include occupational interests and the ability development potential utilized by Companies B and G. When considering the career development of an adult who has already acquired job experience, it is necessary to re-evaluate his or her abilities from diverse viewpoints. Responsibility for conducting re-evaluations lie with he worker's immediate supervisor and with the personnel division, as well as with the worker himself.

The worker is encouraged to review his or her career experiences in order to clarify occupational interests. When does he think he worked most effectively and displayed the best of his ability? What were the reasons? Jobs which the worker may transfer into will be evaluated in the hope of finding a stimulating and rewarding position. Thereafter, for the purpose of personnel selection, a re-evaluation of ability development potential will be made, estimating the individual worker's potential on the basis of interpersonal skill capabilities, volition for skill improvement, occupational earnestness, application capability, extent of versatility and so on. In addition, such data is helpful for suggesting targets toward which their efforts should be concentrated.

Table 11 shows, as outlined above, the results of case analyses of job conversion expericences in the companies which were the subjects of this investigation. For the future extension of this study, it is important to clarify the question of how conventional industrial psychology has analyzed workers' performance. In Table 12 & 13, the achievements of industrial psychology towards this aspect are outlined. If analytical systems such as the one shown in Table 11 are to be practiced extensively in the future, various studies will be carried out based on the factors described in Table 11. Table 12 & 13 suggest numerous topics for such future studies.

Considerations regarding job classification as discussed above correspond to the understanding of the properties of each job as well as the vocational aptitude of individual employees. Accordingly, the cases were analyzed on the basis of aptitude evaluation, as shown in Table 14.

It can be seen in the table that career analysis and career evaluation have been emphasized in each case. Evaluations of similarities between jobs, occupational interests, and ability development potential as discussed above are, in fact, attempts to re-evaluate the merits of individual workers from various viewpoints in order to make the most of their aptitudes. The fundamental principle for the success of job conversion rests on this point.

The case of Company I shown in Table 14 is very indicative in this regard. Company I is a worker dispatch service for design engineers. For this company, education is the life-line of its enterprise. The company created an original evaluation system called "skill level standards" for the improvement of educational efficiency and for raising skill levels company-wide.

The company took great pains to classify the substance of each job into skill categories, specifically research testing, product development, basic design, and production design. The skills desired for each job were broken up into technical elements based on the classification system. As a result of observation and analysis they devised a set of yes-no questions to evaluate the technical levels of individual engineers on the basis of knowledge, experience, and applicability. With this system, the company was able to obtain lists of available workers as

Tablel 11. Viewpoints of Evaluation and Analysis of Personnel with Regard to Job Conversion

Analytical factors		From-to	Similarities, affinities	Characteristics of Transfer		Desired measures
				Skill distane	Psychological distance	
skill factors	similarity between job requirements	from pump assembly to maintenance service	job environment differs but job requirements are the same		large	
	similarity between equipment used	from motor assembly to NC housing asembly	products differ but job requirements are similar	medium		
	similarity between products	from machanical watch assembly to quartz watch assembly	products differ but similar small size	medium		
	similarity between degrees of precision	from casting to transformer assembly	similar large size	medium		
		from marine welding to onshore welding	job environments differ but degree of precision is similar		large	
knowledge factors	possibility of application of knowledge of products	from pump assembly to pump sales	knowledge of pump is utilized in sales		large	
		from automobile assembly to automobile sales	the same as above		large	
	possibility of application of fundamental knowledge of skills	from sheet metal processing to NC housing production	products differ but knowlege of bending is applicable	medium		
		from motor winding to NC quality control and testing	knowledge of electricity facilitates understanding of electronic NC controls	medium		
		from motor assembly to NC assembly	knowledge of electricity is utilized in reading assembly plans and drawings	medium		
environmental factors	similarity of job environment	from shipbuilding to onshore construction	work at heights			
		from casting to sheet metal and gilding	jobs differ but familiarity with noisy environment, heavy work and dirty work	large		
	similarity of living enviornment and work conditions	from shipbuilding to onshore construction	similar in so far as group work is involved	large		
		job involves night work	measures to cope with shift work including the problem of family life and decreased income			

		from machine installation to sales	always work outside	large		
other psychological and social factors	theoretical thinking	from hardware to software				measures to cope with the requirement of theoretical thinking and fundamental knowledge
	human relationships	from manufacturing to sales and service	sociability, leadership and flexibility			
	capacity for adjusting to new situations					
	occupational interests					

Tablel 12. Production Conditions

1	worker (sex, age, education, and efficiency)	individual factors
2	work method (product, work procedure, etc.)	substance of work
3	work conditions (work hours, rest, staff-exchange system, etc.)	
4	production material	physical environment
5	production machinery, equipment, and instruments	
6	working environment	
7	working organization (production/nonproduction personnel relations, nature of sub-groups, environment, relationship between sub-groups, etc.)	social and human environment
8	labor conditions (wages, housing, commuting, compensation, welfare, etc.)	

Table 13 Viewpoints of Classification of Operation

a. Regarding energy output ( ) shows RMR
- (i) lightest work (0-1)
- (ii) light work (1-2)
- (iii) medium work (2-4)
- (iv) heavy work (4-7)
- (v) heaviest work (7-)

b. Work speed
- (i) active work (with light-weight objects) (medium-weight objects) (heavy-weight objects)
- (ii) static work (holding heavy loads or working against strong resistance)

c. Working posture
- (i) standing
- (ii) sitting
- (iii) squatting
- (iv) walking
- (v) suspended (with lifeline)
- (vi) supine

d. Essential sense
- (i) sight
- (ii) hearing
- (iii) smell
- (iv) touch
- (v) taste
- (vi) none in particular

e. Physical environment of workshop
- (i) high temperature and high humidity
- (ii) high temperature and low humidity
- (iii) low temperature
- (iv) noisy
- (v) dark
- (vi) microvibration
- (vii) shaking
- (viii) dusty
- (ix) toxic or dangerous materials, radiation, laser beams
- (x) heights
- (xi) high pressures
- (xii) low pressures

f. Restrictions regarding mechanical equipment
- (i) autonomous
- (ii) semi-restricted
- (iii) restricted

g. Human relations
- (i) isolation
- (ii) cooperation
- (iii) group

h. Scale of work
- (i) minute
- (ii) rough and large

i. Nature of work
- (i) persons
- (ii) things
- (iii) natural phenomena

j. Mental activities
- (i) monotonous
- (ii) under strong pressure
- (iii) simple
- (iv) planning or creative

"Problems and Prospectives in Labor Management Today" ed. by Shizuo Matsushima, Japan Institute of Labour

Table 14. Aptitude Evaluation Factors in Case Companies

	Company A	Company B	Company G	Company I
basic items	present worksite, job substance, grade in skill testing, experience and achievement in training	present jobsite, job substance, qualifications, achievement in in-company education, achievement in outside training		present job, substance of past job
daily check by line supervisor		skill map, career, skill testing, achievement in education, diversification of skills in job-site		personality, leadership, ability to manage personal relationships
items to be checked in personnel selection	career-from what division, semiannual job qualificaion evaluation, skill, attitude, ability to manage personal relationships, smoothness, capacity to begin new relationships, ↓ personnel and educational staff desire to be well informed of individual employees	semiannual merit rating from 1968 on a scale of five grades on over twenty items conducted by the group leader, the chief clerk, and the shop manager: • interpersonal capacity, • desire for skill improvement, • zeal for job, • capacity of application, • versatility (indexed by computer) ↓ utilization of data on ability developemt potentials, • evaluation of knowledge application potentials, • similarity of work, • similarity of environment, etc.	DPT analysis, occupational interest nature of personality ↓ discovering unknown skills and range of interests, ↓ re-placement by reconsideration	skill standard, knowledge, experience, capacity of application ↓ evaluation of persons without knowledge but able or without experience but able

necessary, and to estimate systematically the performance level expected of any combination of workers.

Although the system created by Company I is especially intended for a worker dispatch service, it is worthy of attention for the following reasons. Generally, in practicing an analysis of job conversion, it is difficult to estimate the qualities of a post-conversion job, while it is possible to obtain detailed information on the worker's previous experiences, in other words to perform a career analysis. Furthermore, as there is no objective standard by which to estimate the results of such an analysis, the abilities and skill or technical levels of the worker are eventually evaluated subjectively. The system of Company I presents an example of tackling such common problems. In addition, Company I is applying the results of yes-no analyses to the issue of worker motivation to encourage self-development.

Motivation for Ability Re-development and Continual Learning

This issue can be discussed on the basis of the practice of the above mentioned job conversion analysis comparing the old and new jobs. The fundamental objective of the analysis discussed so far is to establish analytical standards of transferability and ability development potential, that is, to re-evaluate the worker's merits, to achieve a thorough understanding of the worker and then to apply this knowledge to selecting a position in which the worker can perform at an optimum level. If this intention on the part of the educational division of the company and the worker's immediate supervisor is fully appreciated by the worker, the ability re-development of the worker will be sparked by the recognition of his or her own merits and defects.

Continual learning is increasingly demanded in correlation to the shortening life cycles of new jobs and skills. Regarding this problem, it is necessary to gain the consensus of the whole company that one-skill-careers are a thing of the past. This is

especially important for Japanese companies feeling pressure due to the aging of their labor forces, because continual learning expands a worker's ability development potential and results in the prevention of the physical and mental deterioration caused by aging. In order to implement lifelong education, employment security is the most important condition to be met. There must be a firm sense of mutual obligation, that the company will do its best to guarantee and employment opportunity for the employee who in turn will do his or her best in self-improvement.

Improvement of Education and Training Systems

This theme includes problems related to the items shown in Table 11:

-degree of difference between skills
-mental (psychological) difference

Each of the companies investigated pointed out that: "In job conversion education, the most difficult problem arises from psychological difference." The problem is a reluctance to "transfer", "learn new things", and "enter a new environment." In the case of job conversion between different fields, such as from manufacturing to sales and services, or from MEKA to TORO, various capabilities will be required in order to manage personal relations, to think theoretically, and to solve problems in the new environment. These are capabilities which workers possessing only one skill have never exercised in their careers. In such cases, workers will feel anxiety and perplexity regarding the change of environment and the tools and image of the new occupation more than towards the new skills and technology involved. Among companies surveyed, careful consideration was given to education and training in overcoming such psychological resistance. Programs were refined by applying the results of evaluations of personal merits and the personnel selection methods discussed above under the topic of the re-evaluation of merits.

The first technique used for this purpose was to provide information on the substance of the new job and the environment of the worksite to the worker in advance of education and training. In some companies, opportunities for consultations with previously transferred persons or orientation sessions with line managers of the lines receiving the transferees were provided. In the case of Company G, the following were made available:

-group interviews for workers and their new managers
-provisional assignments
-adaptation training
-solicitation of consent
-formal notices of assignment

As principal education and training, there are some plans such as "object experience learning", "essence learning", "re-examination learning" (under development by the Employment Promotion Projects Corporation, the Institute of Vocational Training, and the Vocational Training Study Center).

"Object experience learning" is based on the consideration that an educational curriculum for persons whose job skills were acquired through experience and not through theory or representations will be effective only when it is in accordance with their thinking processes. In other words, it is the recognition that to be taught is not necessarily to understand or to become able to perform. Therefore, in this method, priority is given to experiments and practical exercises, which require the development of simulations. CAI can be used as a simulation if it is adequately designed.

The main purpose of "essence learning" and "re-examination learning" is, as already mentioned in the case of Company C, to give a worker the capability to think theoretically through systematically re-examining the substance of his or her previous job by means of experiments and practical exercises. The trainee is expected to gain confidence by recognizing the significance of his or her own skills and knowledge, to understand the process of thinking and learning, and then to eventually develop the confidence to meet new challenges head on.

Reference to the report will proceed a list of the issues which each company surveyed in the report considers to be important in the development and application of its curriculum.

-in-house development of teaching materials and curriculum
-a shift from classroom learning to practical exercises
-the importance of fundamental education
-mutual development via group learning
-modularization of programs to match the progress of each worker individually
-careful attention to motivation
-combination with OJT

The conclusion reached by each of the surveyed companies is that: there is no other way to ease the psychological resistance to job conversion than to enable the workers to obtain confidence through education and training.

Considerations on Desired Career Development Aids

The results of previous studies can be summed up in the following three points:

1. First of all, a company-wide consensus must be formed that job conversion is necessary and that some measures will be devised to guarantee employment opportunities. In order to avoid "dropouts", it is also necessary to maintain fairness in personnel selection and to heighten the willingness of workers subject to job conversion to participate, giving careful consideration to their own wishes.
2. It is important to formulate a method which can make the most of the merits of individual workers, by re-estimating both occupational capacities and personalities from many viewpoints. Some effective methods have already been mentioned, such as investigating similarities between " from " and "to" jobs and evaluations of occupational interests and ability development potentials. The careful execution of these should be the initial step toward motivating the workers.
3. Systems for education and training should be improved in order to span the distance between the jobs involved, which often means psychological distance, in addition to the implementation of the above measures. In the improved systems, an environment condusive to continuous self-development should be provided.

So far, the discussion has centered on job conversion in the

production sector. Next, white collar job conversions will be discussed.

(2) Career Re-Development in the White Collar Sector as Seen in the Cases of Re-Employment Aid and Job Re-Development/Career Re-Development in the Companies Surveyed

An outline of the cases of companies surveyed in the report is shown in Table 15. Partial explanations of those cases will be provided.

Company A is one of the larger shipbuilding and engineering companies. In the recent structural recession, it has been aiming at diversification and the application of high technology, which, however, have not been sufficient to guarantee employment opportunities. To compensate for this shortfall, it has made every possible effort company-wide to seek employment offers outside the company, eventually for more than one thousand employees. It has its own way of seeking job vacancies, providing consultations by its employment development division on future possibilities for the employees, advising recruiting companies, and observing the working conditions of leased workers. In seeking employment outside, they assigned each manager the responsibility for seeking opportunities on a nationwide scale in which fellow workers could display their abilities. The employment development division regularly sent representatives to recruiting companies to clarify the personnel requirements, investigating who is suitable and able to meet the requirements. Sometimes, it even proposed to the recruiting companies that a certain worker be utilized in a certain way.

Company B placed employees outside the company as part of an employment adjustment involving the tightening of management during the period of the second oil crisis. In order to facilitate their re-employment, the company set up a subsidiary company with the sole function of offering management consulting to the companies hiring its surplus employees. Representatives of the subsidiary visited recruiting companies to consult on management problems and propose improvement plans, recommending that a suitable person from the parent company be hired to solve the problem.

Company C is a general trading house, especially strong in textiles. The company set up a subsidiary specializing in re-employment in order to prepare for the aging of its workforce. In the case of this company, although the pressure for personnel cuts has not been very high yet, they are coming to grips with the problem of aging and are taking into account the fact that there has been no consideration for middle aged persons without positions. They are organizing around the understanding that some may have the chance to discover other abilities after leaving the company at middle age. To ensure success from the beginning, they carefully match the job offers and available personnel for maximum results. In practice, they try to discover the unknown career potentials of the applicants, and, conversely, give advice to the recruiting firm about the utilization and organization of workers in the growth stage of an enterprise.

Companies E and F are performing job redevelopment by the development of new businesses in conjunction with re-employment activities. Company E established a patent service agency under joint management with an American company, and

Table 15. Cases of Career Redevelopment of White-Collar Workers

	Industry	Number of employees	Motivation & background for change	Types of measures	Principal subjects	Nature of approaches
Company A	shipbuilding and engineering	23000	structural recession, business conversion employment adjustment	reemployment assistance by leasing outside company	over 40 years of age, 20% clerks, 40% engineers, 40% craftmen	organization of company-wide system led by employment development division, search for job offers by all managers, consultations on manpower utilization with companies offering jobs, follow-up on working conditions of leased workers
Company B	electrical engineering		business slump, employment adjustment	reemployment assistance	clerks over 50 years of age, white-collar workers in engineering sector	start-up of consulting company specializing in preparing workers for adjusting to positions in small and middle sized companies, researching manpower demands and matching workers to job offers

Company C	general trading house	75000	business slump in leading division, aging of employees, shortage of posts, middle-aged workers without posts	reemployment assistance	white-collar workers in clerical sector over 40 years of age	start-up of subsidiary company solely in charge of reemployment assistance; career consulation on individual basis; consulation on manpower utilization for companies offering jobs
Company D	steel and industrial equipment	4500	structural recession, business conversion, employment adjustment	reemployment assistance	white-collar workers over 50 years of age	cooperation with reemployment agency offering information and data on workers involved in reemployment
Company E	chemical engineering and synthetic fiber manufacturing	11000	structural recession, business conversion, aging of employees	job redvelopment from business development, reemployment assistance	managerial staff over 45 years of age	amalgamation, separation of function, new business start-ups; employee leasing; reemployment assistace by job consultation; section interviews with department managers based on self-reports; career consultation
Company F	construction machinery	6400	structural recession, diversification of business, employment adjustment	job redevelopment resulting from new business development, reemployment assistance	white-collar workers over 45 years of age	development of new business by reviewing in-company know-how to be sold to other companies; job transfer of the middle-aged; reemployment assistance by employment section
Company G	credit union communication equipment		change of employment due to financial liberalization, aging of employees	job redevelopment	ex-branch managers	analysis of merits and demerits of branch managers toward improving their abilities; creation of post complementary to branch manager
Company H	major discount shop		aging of employees	assistance for starting independent business	deputy shop managers and above	assistance for independence in "life challenge system"; severance pay with a premium; provision of training allowance and consultations on business planning

also set up a think tank composed mainly of economists familiar with the Eastern European market. Company F started a new business by commercializing its know-how of reading manuals in foreign languages, which it had accumulated through its experience as a joint venture company. Both companies developed new jobs by a re-evaluation of the know-how, skill and talent available within their organizations.

Company G was driven by financial liberalization to hire younger branch managers and consequently experienced difficulty in handling its senior ex-branch managers. The company conducted a through investigation of the merits of the ex-branch managers together with an analysis of the merits and demerits of the current branch managers to formulate an appropriate combination of each to compensate for weak points and raise the overall capacity of the branch. This resulted in an expansion of the number of younger managers and, as for the ex-

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managers, a guarantee of active participation in the office enabling full use of their abilities.

In the next section, the common points of the above cases are discussed.

Lessons Learned from the Case Studies

Based on the experience of the companies studied, important points to be considered for career development assistance in the white-collar sector are listed as follows:

(a)-develop diversified systems and analytical viewpoints to employ workers efficiently.

(b)-widen workers' horizons to encourage greater self-dependence, the expansion of self-knowledge, the creation of opportunities to renew self-knowledge, or opportunities for self-criticism.

(c)-widen the scope of opportunities to acquire additional skills and knowledge and to construct human networks and gather information; provide support systems to alleviate psychological anxiety and financial hardship.

Detailed discussion of these three items is as follows.

(a) Analysis for the Efficient Utilization of Workers

Investigating the factors useful for producing from-to analyses for the white-collar sector appears to require a wider scope of issues than in the production sector.

In the white-collar sector, a job consists of more complex factors as compared with the blue collar sector. First of all, duties and responsibilities are less clearly defined for workers in charge of clerical work, management, sales and so on, and most job assignments consist of a goal to be reached rather than a specific job to be performed. Therefore, the capacity to perform a job and the factors which make up a job cannot be fixed as clearly as in the production sector.

To solve the "problem" requires not only practical experience but also the ability to resolve, on a case by case basis, problems which have no precedent. Thus, he or she is expected to become a true professional after accumulating such experiences.

Factors requiring analysis in the case of white-collar workers can be broadly summarized with the following two general points.

First, a white-collar job is, in many cases, not a simple assemblage of performances. It demands comprehensive personal capacities to cope with actual situations based on knowledge and experience, to analyze, to judge, to deal with personal relationships, and so on. As a result, there arise difficulties in determining and evaluating the capacity of individuals objectively, and therefore, in setting targets for education and training.

Secondly, many of the jobs of white-collar workers are so dependent on human relationships (vertical, lateral, inside and outside the company) that results cannot be realized unless the cooperation of people and the appreciation of the value of the work can be obtained by the supervisor and the customers.

In view of such conditions, it is very important to consider what is necessary in the new environment in case of a transfer to a new job category. At the same time, it is also required of the worker involved that he or she has a personality which will permit satisfactory adjustment to the new environment. Although the situation is similar in the engineering sector, it must be noted that the greater specialization of abilities, skills and knowledge in this sector hinders flexibility and adjustability when endeavoring to move into another field.

In conclusion, analytical criteria for the effective employment of workers, or factors for use in a from-to system, should meet at least the following conditions in the case of white-collar workers.

1. The personal qualities, capabilities, and experiences of the worker must be reviewed with the aim of discovering fields into which the worker may move. The analysis of skill elements, as discussed with reference to production workers, is apropos.
2. As a white-collar worker is required to display the ability to synthesize various elements, the evaluation of undemonstrated abilities and potentials in addition to those which where used in his or her previous career is necessary.
3. In addition to the matter of personality mentioned above, flexibility of thinking and volition are also important factors.
4. The receiving sector must evaluate the suitability of the position, in terms of the job duties, the other personnel involved, and the responsibilities, for the particular worker involved. This is a matter of environmental improvement of the workplace on the part of the receiving sector.
5. Targets must be defined regarding what is expected of the new-comer and what will be appreciated as an accomplishment.
6. When considering transfer destinations, it should not be forgotten that the possibility of problem-solving through group efforts exists, and that expecting too much of a particular match up should be avoided.

To sum up, conditions 1 to 3 refer to the merits, personal qualities and so on of the worker involved, while 4 to 6 refer to the receiving sector's environment, human relationships, and the preparedness of its supervisors.

These conditions counter the conventional view towards the problem of aging that it is caused by the increasing number of older workers and therefore is solely their problem.

Furthermore, this can be solved by discovering measures to soften the effect of the problems caused by the growing number of older workers. In contrast to the above scheme, the aging problem is understood to be the responsibility of all, irrespective of age, and has much to do with younger workers and supervisors working together with older workers. This argument is significant because in the case of re-employment and job re-development failures so far, responsibility for the failure was mostly laid on transferred workers. After reconsidering previous cases, the fact that the utilization of a transferred worker depends on the consideration and treatment of the receiving sector has been taken into account.

Next, a detailed discussion of the issues of providing opportunities for self-criticism and the preparation of support systems for transfered workers is presented.

(b) Providing Opportunities for Self-criticism

The background of the necessity for self-criticism is sum-

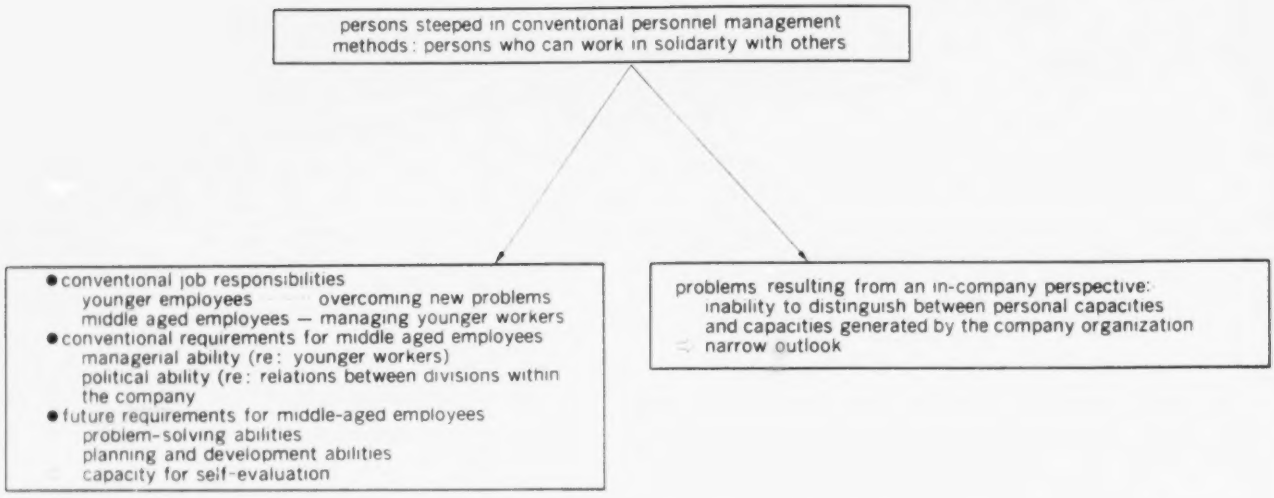

persons steeped in conventional personnel management methods: persons who can work in solidarity with others
● conventional job responsibilities
younger employees — overcoming new problems
middle aged employees — managing younger workers
● conventional requirements for middle aged employees
managerial ability (re: younger workers)
political ability (re: relations between divisions within the company
● future requirements for middle-aged employees
problem-solving abilities
planning and development abilities
capacity for self-evaluation
problems resulting from an in-company perspective:
inability to distinguish between personal capacities and capacities generated by the company organization
narrow outlook

Figure 31. The Background of Self-Criticism Requirements (as indicated by workers in charge of reemployment assistance and job redevelopment)

marized in Figure 31.

Formerly, in Japanese personnel management, an ideal employee was expected to work in solidarity with others within a single value system to reach the goal assigned by the company. In this concept, older employees are expected to supervise younger ones who deal directly with new problems faced in reaching a certain goal. Desired abilities included managing juniors and adjusting relationships with other divisions to support the performance of their jobs.

However in the future, in a greatly changed business environment, older employees will be expectd to display abilities not presently required by their companies such as solving problems arising from external causes, planning, and development. Under these circumstances, it is presumed that the self-understanding of older employees is not sufficient to meet such a change in requirements, and their self-knowledge is not yet adequate for them to judge their own ability to perform new tasks.

In addition, their perspective has so long been limited solely to matters within the company that they tend to be incapable of making distinctions between their personal abilities and the capabilities they possess as members of an organization or an enterprise. Under these circumstances, it is necessary to encourage a self-learning process through "engaging in fresh introspection."

For that purpose, companies are giving employees the following assignments.

·write a self-history to review one's own life at work and at home, and obtain a precise view of the present situation

·conduct an objective self-analysis to discover one's own knowledge, skills, interests, and personality

·conduct behavior analysis to clarify one's characteristic behavior and job achievement in the office by comparing evaluations made by oneself to those made by one's colleagues

·develop career plants and life goals

·develop self-improvement plans and goal achievement plans to realize those goals

The true purpose of these programs which give a worker the opportunity for self-criticism is to make him or her recognize the gap between self-knowledge and evaluation by others. Thus, he or she is expected to have objective self-knowledge as a prerequisite to career-redevelopment. Through the re-evaluation of his or her own merits, demerits, professional knowledge, and level of abilities, future goals for self-improvement are clarified.

Some examples of programs of this nature are "life-design education", "life-plan seminars", individual consultations, self-declarations, interviews by the department manager, and so on. In addition, the CDP (Career Development Program) workshops recently implemented by some companies are a very effective method.

(c) Improvement of Support Systems

A sufficient support system is desirable to facilitate the transfer of workers in the cases of re-employment or entrance into a new field. In a support system, opportunities to obtain additional skills and knowledge to improve abilities are facilitated by extensive human networks which function to gather infor-

mation to develop new job categories, help in overcoming psychological resistance to the change of working conditions, and so on. These measures are similar to those intended to ease psychological resistance in the production sector.

It is certain that these support systems give confidence to the workers involved in re-employment and job transfers.

6. Employment of Regular Employees Recruited in Mid-Career and Non-Regular Employees

···How to Utilize Their Capabilities···

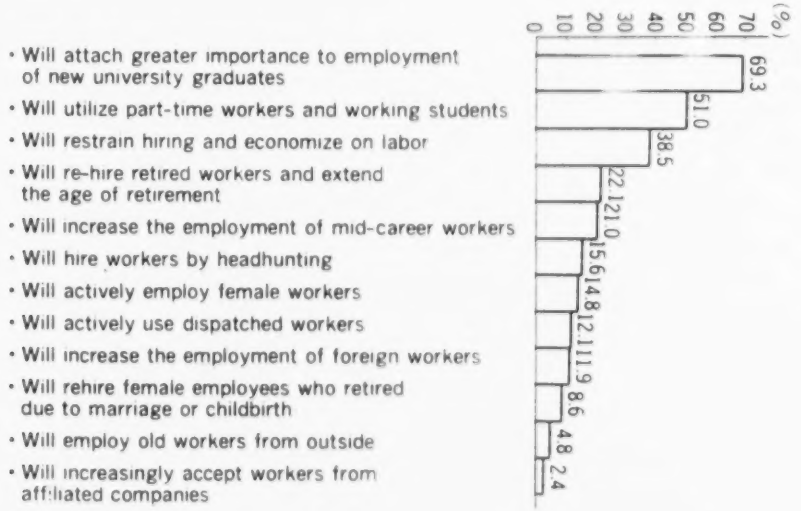
Traditionally, a fundamental approach to developing human resources taken by Japanese personnel management has been to employ university graduates immediately upon their graduation, train them within the company and then assign them to particular jobs as required. Developing human resources within the company has been a significant principle and such workers have come to be known as "regular employees." However, with the evolution of management strategy, in recent years there have been growing numbers of regular employees recruited in mid-career and non-regular employees, such as contract employees, dispatched workers, part-time workers and temporary workers. (Here such workers are grouped under the general term "non-regular employees,") Contract employees are those who perform a designated type of work for a designated period of time. Examples include assignments such as designing an advertisement or a department store floor plan, and their duties often require specialized capabilities. Dispatched workers are those who are sent from temporary worker services as defined under the Workers Dispatching Law. Even though there is no strict legal definition, part-time workers were described as "workers whose scheduled working hours per day/week/month are considerably shorter than the working hours of regular workers engaging in the same kind of job at the work place" in the "Summary of Measures for Part-time Workers" which was published as a notice by the Ministery of Labour in 1989.

The emergence a large number of "non-regular" workers is commonly termed the "diversification of employment patterns". The most fundamental reason for the diversification of employment patterns is that companies are seeking to minimize the number of regular employees, the so-called core labor force, as much as possible and to streamline themselves (to reduce the fixed labor force). In this way they can decrease the fixed part of their labor costs by utilizing a non-regular work force (the demand labor force). But here the writer would like to examine the issue of recruiting mid-career workers who can become regular employees in the off-season, a concept which is labeled the diversification of employment patterns from the perspective of management strategy.

The percentage of establishments employing workers other than regular employees is as follows.

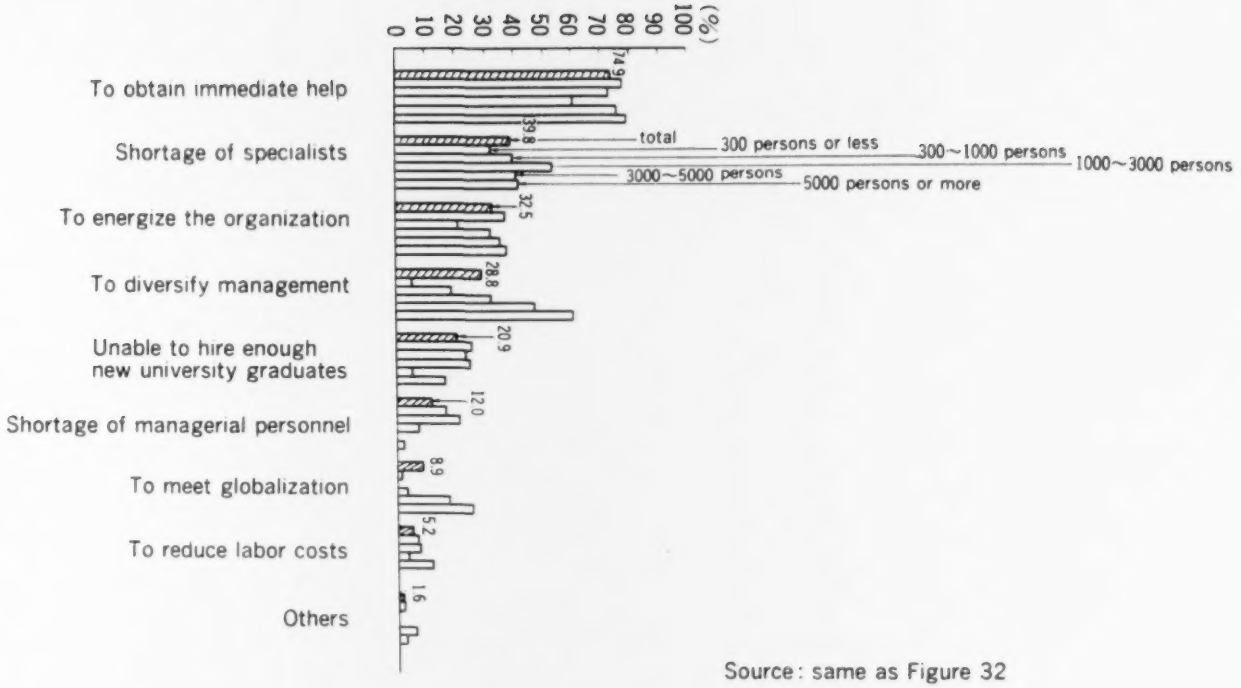
Part-time workers ·····53.3%
Temporary workers ·····21.3%
Loaned workers ·····14.0%
Registered contract workers ·····7.7%
Dispatched workers ·····6.3%

(Source: Minister's Secretariat Policy Planning and Research Department, Industrial Labour Section Ministry of Labour. "Survey on Circumstances of Diversification in Work")



Source: Minister's Secretariat Policy Planning and Research Department, Ministry of Labour "Changes and Outlooks in Japanese Employment Practice" (survey edition) Dec. 1, 1985 – Feb. 28, 1986, N = 629 companies

Figure 32. Future Employment Policies



Source: same as Figure 32

Figure 33. Reasons for the Increase of Mid-Career Hiring and Headhunting

Figure 32 shows the result of another survey considered from the standpoint of employment policy.

From the results of these two surveys, it is concluded that the diversification of employment patterns has occurred to a considerable extent.

Secondly, in addition to the managerial necessity of restraining fixed labor costs, the following can be regarded as reasons for these circumstances.

According to Figure 33, two reasons for employing such non-regular employees were cited by a high percentage of the respondents. They are "to acquire immediate help" and "to relieve a shortage of specialists."

Therefore, it can be said that the most fundamental motivation derives not only from the need to hold down labor costs but also from the need to revitalize the capacity and capabilities of the labor force. In other words, it has become impossible to obtain the labor force (in terms of both quality and quantity) necessary for the timely implementation of managerial strategy through in-house employee development only. Under such circumstances, the timing of when the new labor can be provided and its quality become important.

Generally speaking, when recruiting new university graduates as regular employees Japanese companies do not consider their present capabilities to be so important. New university recruits have not been vocationally trained, having only obtained fundamental scholastic abilities at school. On employing such new university graduates, companies usually examine the fundamental scholastic abilities acquired during their school days by means of testing.

Companies are more interested in whether such employees can get along with others as members of an organization, and furthermore their potential to grow into capable employees in the future. As many researchers point out, their potential for the future is the main consideration during the recruiting process. Of course, however it is very difficult to accurately judge an applicant's potential. Japanese enterprises examine various sorts of information about new graduates at the time of employment and subsequently follow their progress. Research is conducted on the progress made by employees, and the actual employment of new graduates is decided based on the results of this research. On the other hand, in case of hiring mid-career regular employees or employing non-regular employees (with

the exception of part-time workers whose skills are relatively unimportant), there arises a very new problem in that the decision is made by evaluating their present capabilities.

As was previously stated, since enterprises take in non-regular employees expecting to utilize them for the immediate needs of the enterprise their interests depend largely on the question of their present capabilities. For that purpose, the personal histories of such employees or their previous achievements are examined in detail. The authorization of vocational qualifications on national, industry-wide, corporate group-wide, and company-wide levels will be an important issue in this area in the future. The intention will be to evaluate the capabilities of employees objectively by awarding them such qualifications.

The growing importance of the capabilities of non-regular employees has led to a movement toward capability development, the maintenance and progress of employees' capabilities after their employment. For example, in the service industries part-time workers make up a high percentage of employees. It is said that these industries cannot function without part-time workers. Under such circumstances, how to obtain capable part-time workers has become a significant problem. Therefore the capability development of part-time workers has become an important issue.

Finally, relating to this diversification of employment patterns, there is the problem of how to utilize these workers, or how to provide them with opportunities to demonstrate their capabilities. A related problem is how to train the managerial personnel who supervise these workers. In the past, Japanese enterprises have operated for the most part with regular employees. Accordingly, the training of managers has been focused on managing these regular workers. However, this will increasingly change from now on. The workers working under a supervisor, in addition to regular employees, will consist of contract employees, dispatched workers, part-time workers, temporary workers and so on.

Thus, how to organize the people involved in diversified employment patterns and achieve high performance as a group will be a new theme for management to deal with. This issue raises broad concerns which will also have ramifications on hiring skilled foreign workers.

Chapter II
Personnel Management Based on Capabilities and the Human Resource Development

1. The Fundamentals of Personnel Management Based on the Capability Principle

The principles of Japanese personnel management have been based on seniority. Personnel treatment based on seniority means treating employees with a greater amount of experience more favorably than those with less experience in personnel matters such as wages and promotions. Such a practice has been possible because the following equation has been true.

Seniority (the length of service) = Capability

The relation between these two factors is shown in greater detail in Figure 34.

The degree of capability is shown on the vertical axis and the length of experience on the horizontal axis.

When employee capabilities are measured, they are expected to follow the line shown on Figure 34. According to the figure, capabilities are considered to grow as the length of experience in the company grows. Thus, personnel treatment based on seniority could be rational as long as the equation Seniority = Capability remains valid. But recent changes in the business environment, especially due to technological progress, have created a situation where this equality can hardly be said to hold true. In actual fact, younger technicians could be more capable than experienced technicians when working with the most advanced current technology. As a result, a personnel system designed to deal with employees based on their seniority standings cannot be rational any longer. Thus a new approach has evolved which decides personnel matters according to a system of directly measured capability levels rather than assuming that capabilities are directly related to seniority; or a shift "from the seniority principle to the capability principle."

In this new style of personnel management by capability, employees are dealt with not by the previous easily measured quality of seniority but according to an evaluation of capability which is very hard to measure. Employers intend to determine personnel affairs, distinguishing between more able and less able employees, according to the level of their capabilities. Consequently, personnel management based on capability, utilizing the principle of selection, appears to be winning kudos in the area of personnel treatment.

In a case of personnel management where the principle of selection according to capability is precisely applied, employees

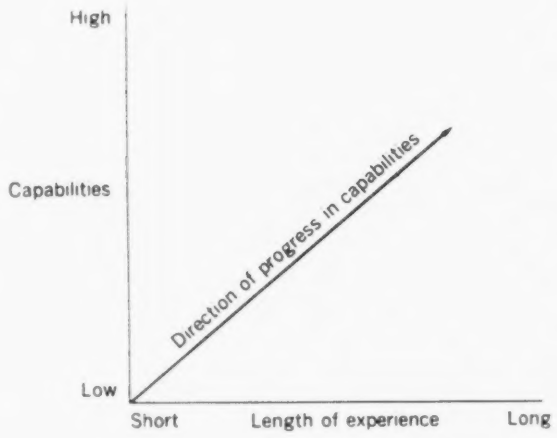


Figure 34. Direction of Progress in Capabilities

with certain capabilities are selected from numbers of employees and appointed to appropriate positions. This is personnel management by selective placement. Employees selected under this system, who have grown accustomed to the seniority principle, will feel very proud and enthusiastic. On the contrary, those employees who were not selected may become discouraged. A solution to this problem will be offered below. In this society, popular opinion still seems to be dominated by the seniority priciple. However, the view based on the capability principle is spreading little by little. In the ensuring discussion, this situation shall be examined using the results of the following survey.

In this survey employees were asked, "As the application of the capability principle advances, people who have devoted themselves to their firm for a long time can be left without promotion or driven from important positions. What do you think about this?"

The results are shown in Figure 35.

According to Figure 35, opinions were as follows.

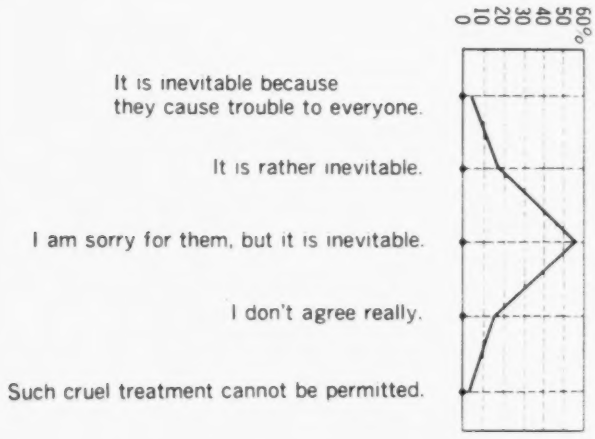
It is inevitable because they cause troubles for everyone. ·····3%

It is rather inevitable. ·····18%

I feel sorry for them but it is inevitable. ·····58%

Although opinions differ, a little less than 80% of the respondents admitted that it is inevitable for such people who had previously maintained high rank within their firms to be driven from their positions.

Based on this we can certainly conclude that the capability principle is gradually replacing the seniority principle.



Source: Japan Management Association, "Survey on Actual Circumstances of Managerial Issues, FY1986 — The Current Questions for Enterprises" (Report by Personnel Education Department) November, 1986.
N = 513 Male = 564 Female = 249

Figure 35. Treatment of People with Distinguished Service

Of course the purpose of grading employees according to their capabilities is not to designate winners and losers. The most essential purpose is understood to be as follows. "Employees who were selected because they have capabilities" are expected to be encouraged to work hard at their jobs. On the other hand, employees who were not selected because they lack capabilities are expected to motivate themselves and strive for self-development in preparation for their next chance.

At first glance, personnel management according to capability appears to be a system based on creating winners and losers. After a closer look, it is apparent that the operative mechanism is capability development, where all employees are expected to work at developing their own capabilities.

2. A New Concept of the Cpability Principle Based on Capabilities Development

Based on the results of the survey on the "Treatment of People with Distinguished Service" shown in Figure 35, I stated that Japanese employees accept the fact that even though an employee had contributed to the development of the firm and achieved results, it is inevitable that this person must be driven from a high position once he or she is considerd to have become incapable of performing a job transformed by the changing times. This stream of thought entails two very important points.

In the Japanese way of thinking based on seniority, capability is considered to peak at the mandatory retirement age, as it grows along with the length of experience. Accordingly, personnel practice has been aimed toward the peak at the day of retirement. Employees have had their highest positions and wages in their careers on their retirement day. Consequently various efforts have been made toward this final point with thoughts such as "all's well that ends well."

But now the consensus that capabilities reach their peak on the day of retirement is grandually disappearing as the issue of retirement at age sixty and the issue of employment continuing in the early sixties are being debated. If we consider this in the most realistic manner, there is the hidden assumption that capabilities progress until a certain point in life, but then decline with age. In brief, with regard to capabilities, the view that capabilities peak at a certain time is opposed to the view that capabilities peak on the day of retirement. (To consider this problem from the most objective point of view, sufficient scientific research into what kind of human capabilities decline and what kind do not decline has not yet been sufficiently accomplished. Research in this area should be pursued actively in the future. Consequently studies on the problem have been rather subjective.)

In addition, there is the question "Who is considered to be responsible for preventing the decline of employees' capabilities, and promoting their development?"

Employees used to enter companies with the thought of entrusting their lives to the company. They would place all their faith and reliance on the company's development of their capabilities. How has this view changed?

In the survey referred to Figure 36, employees were asked who is responsible for employees' capability development, the individual or the company. According to Figure 36,

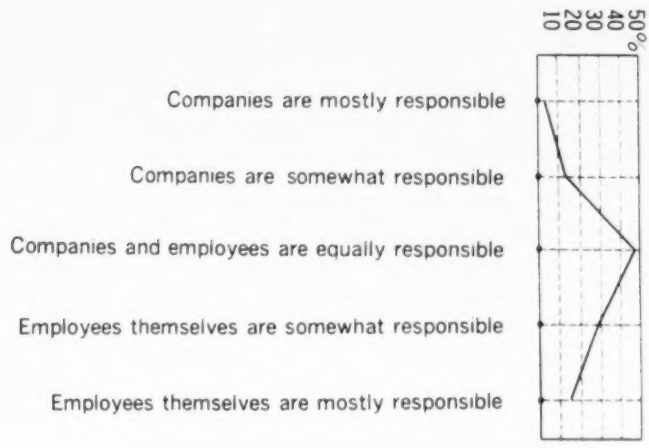
Employees themselves are mostly responsible ···13%

Employees themselves are rather responsible ···28%

Employees and companies are equally responsible ·····47%

Forty one percent of employees regard capability development as their own responsibility. Adding the percentage who think employees and companies are equally responsible, a high percentage (88%) regard capability development as their responsibility.

As a result of these considerations, two points have become



Source: Japan Management Association, "Survey on Actual Circumstances for Managerial Issues, FY1986 — The Current Questions for Enterprises" (Report by Personnel Education Department) November, 1986.
N = 513 Male = 564 Female = 249

Figure 36. Who is Responsible for Capability Development?

clarified. First, the simple capability principle will be replaced by a system based on the idea of capability development and great importance will be placed on employees' capability development. Secondly, such capability development is recognized as the individual employee's responsibility.

What kind of personnel management system is required to incorporate these two points effectively? Some answers to this question have already been explained, but next they will be examined again in terms of their value as systems.

Toward this end a comparison between new and old views on personnel management is shown in Table 16.

In order for the capability principle based on capabilities development to function well in actual application and to ensure that each employee enthusiastically works at self-development, achievements at work have to be evaluated properly and reflected in personnel treatment. For that purpose, the performance rating system has to be redesigned. The performance rating system based on demerits has to be changed to a merit-based system. In personnel management based on seniority, the capabilities of employees with the same amount of experience are understood to be equal as a rule. However, it is difficult to treat employees equally in actual practice. As a result, the shortcomings of each person, rather than the strong points, are sought out and employees receive varying treatment based on their demerits. This is the fundamental concept behind the minus-points system. Therefore, within such a demerit system, it becomes very hard for a employee to catch up in terms of personnel treatment after being held back. Taken to the limit, no matter how hard one tries one can never catch up. In contrast to this demerit system, some companies are introducing the

Table 16. Comparison between New and Conventional Views on Personnel Management

Conventional View	Applying the capability principle by grading/selecting employees Performance ratings based on demerits Personnel management ignoring the potentials of those who experienced failure
New View	Personnel management based on capabilities development Performance ratings based on merits Personnel management encouraging all to fulfill their potentials

concept of evaluating employees based on what they have done and their performance at work. According to this idea, supervisory personnel who dared not attempt to try something new, being afraid of demerits, should receive low evaluations because nothing was done. On the other hand, the success of a new project should result in a high merit rating. If the trial ends with unsatisfactory results, an active attitude rising to the challenge of a new task should be considered and evaluated from another point of view. This employee should receive a higher evaluation than one who did nothing. The fundamental idea expressed above is that of a "Performance Rating System Based on Merit."

Moreover, someone who took a risk but lost can recover in this merit system; it is not impossible for a loser to catch up. Even if someone has fallen behind, they should be given a chance to catch up by producing high achievements afterwards due to their efforts. This is the idea that makes a "cosolation match" possible in the world of sports.

Next, on the basis of the views shown in Table 16 the problem of the promotion of employees displaying higher capabilities and the discouragement of those who are not promoted, which was mentioned above, will be addressed.

After capable employees are promoted, if the remaining employees make efforts at self-development, achieve good results, are given proper evaluations and can catch up by means of performance ratings based on a merit system, the problem seems to be headed for a solution. From a theoretical point of view based on the principle, we can make this assumption. But I would like to consider changes in employees' consciousness in another light.

Relating to the fact that Japanese personnel are managed under the condition of life-time employment as a rule, the fundamental direction of personnel management in Japan has been to make employees' consciousness approximate that desired by the companies. The most typical feature desired is loyalty to the company or identification with the company's fate.

But in recent years, personnel management has been unable to follow this model. Because the consciousness of employees, especially of young employees, has been well established before they enter the enterprises, it can hardly be changed by the old style approach of the enterprises. Therefore, a new fundamental direction has been formulated, "to change personnel management into that which suits the employees' sense of values." Some changes being made based on this idea in actual personnel management will be examined next.

The most obvious instance is the problem of worksite location. In the past it has been natural for employees to be relocated as enterprises ordered. But these days it is very difficult to transfer employees at an enterprise's convenience. As a matter of a fact, companies located in rural areas are having difficulty transferring employees even if they are to be relocated within the same prefecture. According to a survey by a prefectual employers' association, numerous companies have experienced employee resignations after their intention to relocate the employees was made clear. Through such experiences, companies learn that the selection of worksite location cannot be decided unilaterally, but that employees' wishes must be respected. The "limited worksite location system" arose out of such circumstances. In this system, applicants are asked about the area where they would like to work and are employed on the condition that they will work within this area. Here it is clear that the selection of worksite location is in the hands of the employees.

Secondly, there is the question of working hours. Recently, many enterprises have introduced flex-time systems where employees decide their working hours by themselves in accordance with their daily schedule. Thus the selection of working hours is made by the employees.

In addition to these, the "Self Declaration System" and "Management According to Objective" (details of which will be provided later) have been introduced into a large number of enterprises. In these systems, employees declare their desires regarding their careers in advance so that enterprises can suit job assignments to employees' wishes as much as possible. It is said that actually the greater part of determining job duties is made by the employees.

Thus decision-making by employees themselves is extensively progressing in terms of worksite locations, working hours and job duties. The following discussion concerns a method of personnel management with which decision-making by employees can be applied to a wider range of issues.

3. From Personnel Management Selecting by Management to Personnel Management Selected by Employees

In Table 16, a comparison between new and old views on personnel management is made. The major concept expressed in the table is neither selection by enterprises nor promotion by capabilities. Instead, capabilities development by each employee is actively promoted and when it results in high performance at actual tasks, it is intended to be evaluated properly by applying performance ratings based on a merit system.

Following this comparison, it is stated that the selection of worksite location, working hours and job content is shifting into the employee's hands.

After learning of such a situation it was found that enterprises desire to maintain Personnel Management Selecting Employees in order to give suitable positions to capable employees, and furthermore that employees who were not selected tend to become discouraged under such a system personnel management. As a measure to deal with this problem, the view shown in Table 16 has evolved.

To resolve this dilemma, the previously mentioned alternative of expanding the range of selection by employees comes into play. According to this concept, enterprises provide several career paths for employees in advance, and the employees select the most desirable path themselves. In this system, if they are consequently assigned to various jobs, they will not be discouraged because they realize that they have made the decision and thus bear the responsibility. Also, as for higher positions in enterprises, management can obtain desirable candidates by giving advance notice of requirements such as experience, capabilities and other qualifications to the

employees capable of attaining a certain position. In the end, the result will be the same as if they are selected by the management. Furthermore, this system will function effectively for the purpose of preventing employees who were not selected from suffering a loss of morale as the employees have selected their own career routes.

In the course of such considerations, it was found that the trend from "Personnel Management Selecting Employees" to "Personnel Management Selected by Employees" should be included in Table 16. In order to implement the system of Personnel Management Selected by Employees into enterprises there is the minimum requirement that employees are educated and capable of designing their careers and selecting their paths by themselves. Deferring consideration on the measures to be taken by enterprises, the roles of the government, society, enterprises and the individual should be as outlined in Table 17. (This table was drawn up based on the Economic Planning Agency's "Human Resources Development in the Period of Change in Career Structures: a Prescription for the Age of Structural Unemployment"··· Ministry of Finance Printing Bureau, together with other recent materials.)

The fundamental idea expressed in Table 17 is that employees should be individuals who are capable of capability development based on their own efforts rather than strictly identifying themselves with the company. Consequently, the roles of the government, society, companies and individuals in producing such individuals should be considered. Problems anticipated in each of these areas will be examined next.

Concept

As was stated previously, the government should devise a policy supporting the growth of individuals able to develop capabilities on their own. The fact that company policies are shifting from Personnel Management Selecting Employees to Personnel Management Selected by Employees and that the selection of working places, working hours and contents of jobs has begun to be made by employees was also previously discussed.

The Analyses of OLD, NOW and NEW in the column "Individual's Policy" are taken from " A New Paradigm of Business Creation: Management Strategy to Break through a Blockade" (edited by Nomura Research Institute, Nomura Research Institute Information Development Department, 1987). However, as for NEW, the interpretation of vocational independence as being the "formation of specialized guilds by professionals beyond the framework of companies" seems too extreme. It should be understood that this concept refers to workers as vocational specialists.

Capabilities Evaluation

In a society based on the capability principle, workers are evaluated based on whether they have capabilities or not. Therefore, qualifications become the most important consideration in evaluating workers' capabilities objectively.

Time

In the Government Policy column, the point at issue is securing the time necessary for capabilities development by reducing working hours.

In the Company Policy column, the "Diagnosis on Leisure Allowance in Enterprises" is listed. This diagnosis was made by the Leisure Development Center under the Ministry of International Trade and Industry and will have a significant impact on personnel management in the future. Taking the prospect of a lengthy period of labor shortage into consideration, young workers will likely be willing to be employed by companies which were assigned high scores in the Diagnosis on Leisure Allowance. On the contrary, companies with low scores may have trouble attracting young workers.

Cost

A very important point concerning cost is that each individual should be funded directly by the government, as opposed to the previous policy of public funds being given to enterprises with the aim of developing employees' capabilities. The view of "Capability Development under the Control of the Individual" is accurately expressed here.

Facilities

As an extension of the view that the government should fund individuals directly, the government should make efforts at providing sufficient facilities and opportunities for individuals so that they can participate voluntarily.

Voluntary participation provided by enterprises should increase too. Capability development will have a significant meaning when individuals remain with the same employer for long periods of time.

Information

The supply of information from both government and enterprises is still quite insufficient in various respects. This problem will be taken up below with respect to companies.

The overall intention is to create individuals who are capable of capability development on their own using programs from various sources.

Table 17. Roles of Government, Society, Enterprises and Individuals Regarding Work

	Gorvenmental policy	Private sector initiatives	Companies'policy	Individual's policy
Concept	Capabilities development under the control of the individual		From personnel management selecting employees to personnel management selected by employees Working places Working hours (flex time) Contents of jobs	Induviduals who are able to select their own career OLD Subordination to companies (subordination to companies, sharing one's fate with them) NOW To belong to companies (relationship based on economic factors) NEW Vocational independence (formation of specialized guilds by professionals beyond the framework of companies)
Evaluation of capabilities	Qualification system (by gorvenment)	Qualification system (by industry)	Qualification system (by enterprise group) (within enterprise)	Acquisition of qualification
Time	Increase of annual holidays (five-day work week) Paid vacation for education		Diagnosis of leisure allowance	Utilization of time
Cost	shift of recipients of public funds from entreprises to individuals		Incentives for career development	Use of public funds
Facilities/ Opportunities	Sufficient provision of public vocational training Entrance into universities and graduate schools by adults Entrance to special vocational schools by adults Making networks for training facilities		Sufficient provision of educational programs based on voluntary participation by individuals (employees stay at companies with sufficient capabilities development programs)	Use of opportunities for education
Information	Provision of information on employment and careers Forecasts for supply and demand of labor forces in each occupation		Provision of information on jobs and CDP(Career Development Programming), Provision of various employment opportunities	Utilization of information

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Chapter III
Career Development Programming and Human Resource Development

In the analyses so far, it has been stated that personnel mangament in the future should focus on Personnel Management Selected by Employees and for that purpose, capability development should be under the control of the individual.

However, the analysis so far has mainly concerned an idealistic view of what should be. In other words the methodological problems of how to bring this situation about have not been discussed in depth.

This problem will be examined from three points of view. In the first place, what should employees do to select their own careers under the system of personnel management selected by employees? Additionally, what kind of problems will occur when employees try to formulate their life-long career plans?

In the second place, based on surveys, the way in which CDP(career development programming) is being carried out within Japanese personnel management systems will be examined; especially human resources development systems which are most closely related to the system of personnel management selected by employees.

Finally, the most desirable course for the future will be examined, based on actual circumstances.

1 Personnel Management by Voluntary Choice and Career Planning

From the above analysis, it has so far been confirmed that voluntary choice will be one of the fundamental principles of personnel management in the future. But this confirmation alone does not solve the whole problem. The prerequisite for successful personnel management by voluntary choice is that each employee should be fully capable of making the best choices when planning a career. However, in present-day Japan, society in general is quite immature in this respect. Below are some examples that illustrate this point.

At the junior and senior high school levels, vocational guidance is being practiced very earnestly for each student, but the teachers in charge of these programs lament over the fact that they are likely to base their advice on the students' test performances (usually indicated by deviation values), instead of taking into consideration vocational aptitudes, aspirations, etc.

This means that high school graduates do not enter universities with specific goals or interests, but rather simply enroll in whatever universities or departments accept them. Although students may be gratified by earning the pride and hope of their parents and their alma maters, some, much to their displeasure, soon find themselves uninterested in their course of studies.

Looking at the job-placement situation of prospective university graduates, we find them overwhelmed by reams of published job information before they have time to carefully consider what it is that they really want to do or what kind of career they are best suited for. This is not to deny the great efforts made on the part of the universities to help their students find good jobs. However, the fact that the students are greatly influenced by the flood of job information originating outside their schools must be taken into account.

After being hired by a firm, employees are supposed to be provided with self-development opportunities such as self-declaration systems and career development programs. But the fact is that employees are seldom given a chance to comprehensively consider the principles underlying career choices or to reflect on their vocational aptitudes and interests.

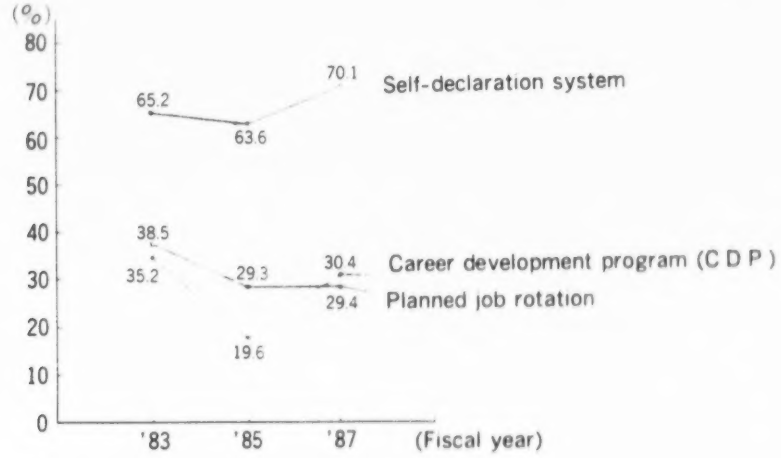
From what we have seen, it may be said that individuals are not provided with many opportunities to think seriously about their vocational lives either in their school days or after they have been recruited by firms. In personnel management by voluntary choice, each individual is first required to make career decisions autonomously. Therefore if such a management style is implemented it will be necessary more than ever that each individual make personal decisions about which school to enter, and after being hired by a firm, what to state in his or her self-declaration. This means that each individual will be required to consider more thoroughly his or her vocational course.

2 CDP - Extent of Application and Operation

Among the various forms of personnel management that are found in Japan now, the one most akin to personnel management by voluntary choice in its basic principles is CDP. This is a system whereby the individual employee can have consultations about his or her career orientation and abilities development with others in the firm. Figure 37 describes a few types of personnel management systems, including CDP, now being operated in Japan.

Of these, the self-declaration system, which boasts the

highest rate of implementation, will be discussed later. The implementation rate for CDP fell sharply from 35.2% in 1983 to 19.6% in 1985, but in 1987 leapt back to 30.4%. Thus it is clear that CDP, as a personnel management system, enjoys a high rete of implementation. I would like to examine how this system is being operated. Following is the questionnaire for a survey conducted on the employees of some firms that are reputedly utilizing CDP effectively. The survey's goal was to discover the actual circumstances of CDP operation within these firms.



Source: Labour Administration Research Institute; "The 1987 Actual Situation of Personnel and Labor Management Systems"

Figure 37. Changes in the Usage Rate of Personnel Management Systems

(1) The extent to which one's vocational orientation is clear to oneself

Figure 38 shows the extent to which one's vocational orientation is clear to oneself. The questionnaire is made up of the following four questions.

1. How long will you stay at your present position? When will you be transferred to another position?
2. What will your next position be?
3. In what field will you eventually work and what role are you going to play?
4. Lastly, in terms of medium and long-term efforts, what types of knowledge and abilities are necessary for you to acquire and to what extent?

To each of the questions, there were four answers to choose from.

1. It's not up to me but rather to the firm to consider such matters.

This is what we might call an "I will entrust you with my life" policy. Employees in this category do not think much about their own careers but meekly accept directions given by the firm.

2. I am considering these matters, but, being short of information, I have only a vague image of my career prospects.

Employees in this category are somewhat uncertain about the future. They know they must do something about it, but a scarcity of information provided by the firm prevents them from making proper career choices.

3. I haven't confirmed it with my superiors yet, but I do have a somewhat clear image of my career prospects.

Employees in this category, instead of just deploring the scarcity of information, have taken a step forward but have so far kept it to themselves.

4. I have talked with my superiors and the people concerned, and I have a somewhat clear image of my career prosects.

In view of the objective of CDP, this can be said to be the ideal state. In this age of changing business conditions, it will not be possible to hold a clear image of a predetermined career path. Therefore, to have a somewhat clear image may be said

to be the best one can hope for at present.

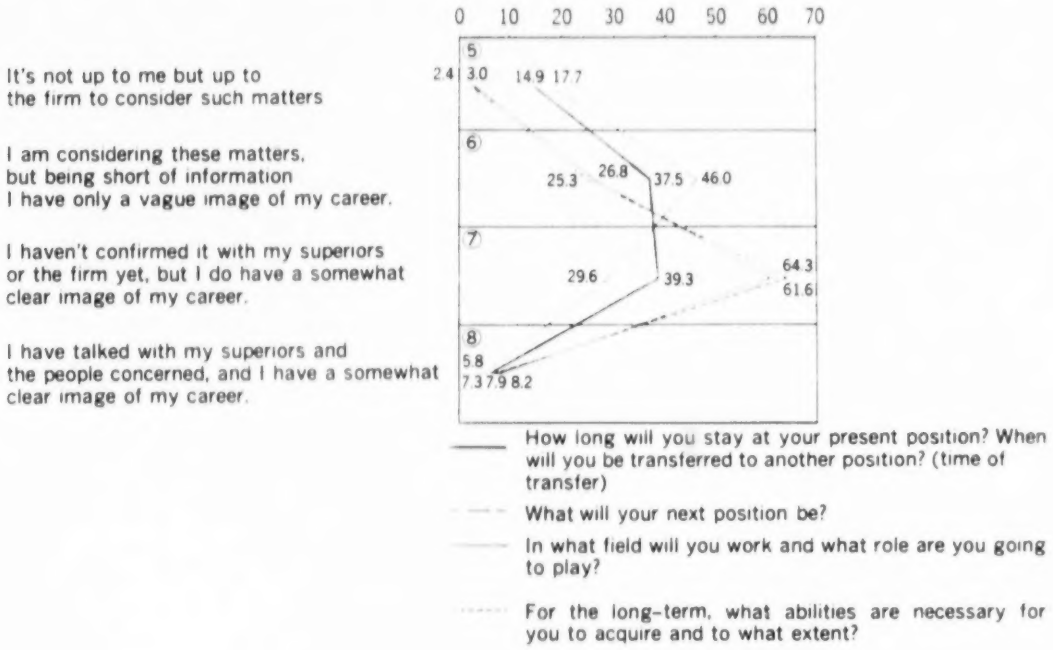
With these comments in mind, when Figure 38 is examined the following is made clear.

On the whole, the first and the fourth answers account for relatively small proportions. That is to say, very few employees think it's not their business but only the firm's to consider their future course. On the other hand, very few employees have talked with their superiors and have a somewhat clear image of their career prospects. This shows that, although the proportion of the firms that have implemented CDP is as large as 30.4%, as shown in Figure 37, this system is not being fully utilized by the employees in actual operation.

A large proportion of respondents say they are considering the matter but that they are short of information and have only a vague image of their career prospects. Especially noteworthy is the fact that these employees display an active interest in what their next position will be and when the change will occur. In contrast, less than careful consideration is being given to their career goals and the direction of their self-development efforts. That is to say, their interests are focused on short-term issues only.

Lastly, a large proportion say they haven't confirmed it with their superiors yet but that they have a somewhat clear image of their career prospects. The rate is especially high with regard to career goals and the direction of their self-development efforts. It may be that these people have clearer ideas about the future. Their interest focuses on long-term problems, instead of on such short-term problems as what and when their next position will be.

From what we have seen so far, we may have a general


0 10 20 30 40 50 60 70
It's not up to me but up to the firm to consider such matters
I am considering these matters, but being short of information I have only a vague image of my career.
I haven't confirmed it with my superiors or the firm yet, but I do have a somewhat clear image of my career.
I have talked with my superiors and the people concerned, and I have a somewhat clear image of my career.
5
6
7
8
2.4
3.0
14.9
17.7
25.3
26.8
37.5
46.0
29.6
39.3
64.3
61.6
5.8
7.3
7.9
8.2
How long will you stay at your present position? When will you be transferred to another position? (time of transfer)
What will your next position be?
In what field will you work and what role are you going to play?
For the long-term, what abilities are necessary for you to acquire and to what extent?

Source: Japan Industrial Training Association, C D P Research Group

Figure 38. To What Extent is Your Future Clear to Yourself?

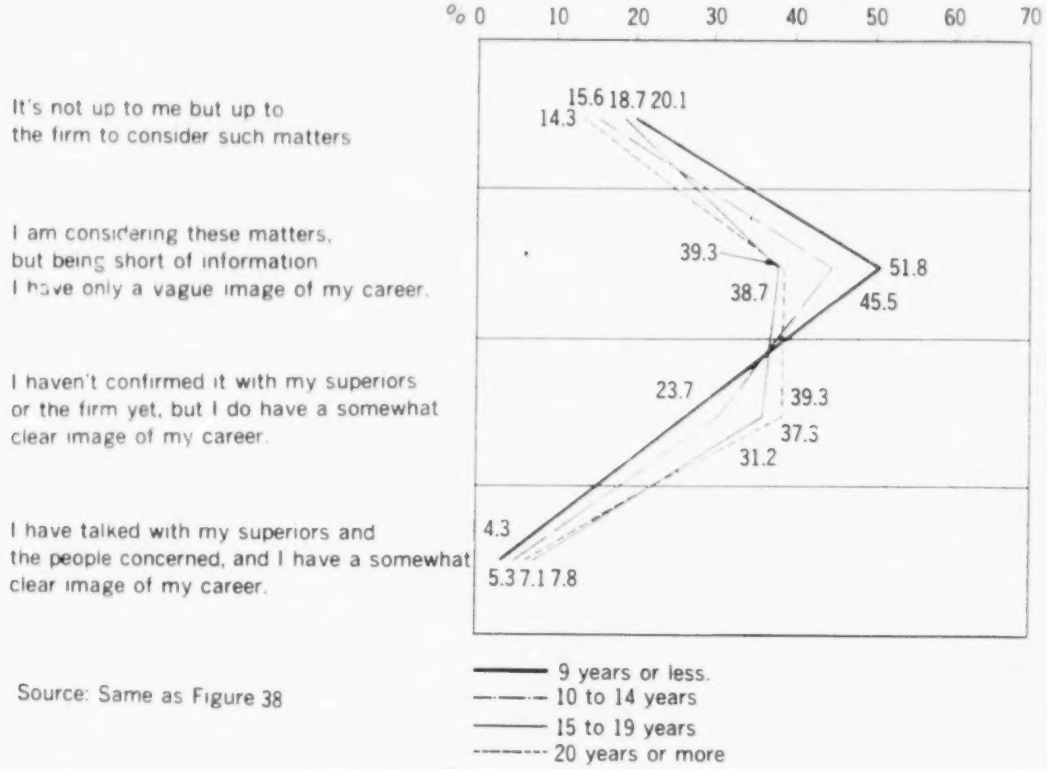
idea of the extent to which CDP is accepted by employees. But since capability development is a long-term activity, it is quite important to see how CDP is regarded by employees with different lengths of service, which is our next step. The time of transfer will be excluded from my analysis, since it does not influence the choice of career so intimately as the other items.

(2) Response to CDP by Lengh of Service

The Immediate Future

Of the employees who have served nine years or less and those who have served between ten and fourteen years, about 50% do not know what their next position will be. That is to say, about half of those in these age groups do not know where they are going.

Next, with the two groups having between fifteen and nineteen years and over twenty years of experience, higher proportions of the employees say they have not confirmed it with their superiors but they have a somewhat clear image of their future. The implication of this may be that more than fifteen years of service in the firm has enabled them to grasp the situation without relying upon information provided by the firm. This could be how they have developed a general idea of the future.


% 0 10 20 30 40 50 60 70
It's not up to me but up to the firm to consider such matters
I am considering these matters, but being short of information I have only a vague image of my career.
I haven't confirmed it with my superiors or the firm yet, but I do have a somewhat clear image of my career.
I have talked with my superiors and the people concerned, and I have a somewhat clear image of my career.
14.3
15.6 18.7 20.1
39.3
38.7
51.8
45.5
23.7
39.3
37.3
31.2
4.3
5.3 7.1 7.8
9 years or less.
10 to 14 years
15 to 19 years
20 years or more

Source: Same as Figure 38

Figure 39. What Will Your Next Position Be?

Career Goals

The most common reply was "I haven't confirmed it with my superiors yet, but I do have a somewhat clear image of my career prospects." By length of service, those of nine years or less show a high rate of 63.3%. This is understandable because they are in a period of transition in their careers from search to establishment. But the rate suddenly drops to 57% among these who have ten to fourteen years of experience(ages 32-36). Studies of personnel management have customarily defined this period as one of following an established career path. Therefore it is yet to be clarified what this decrease signifies and how to interpret it. However, a plausible interpretation may be as follows. As many scholars point out, this is about the time when management's evaluation of an employee's abilities is established in many Japanese firms. In view of the increasingly keen competition for excellence among employees, it is probable that many of them are beginning to waver in their confidence.

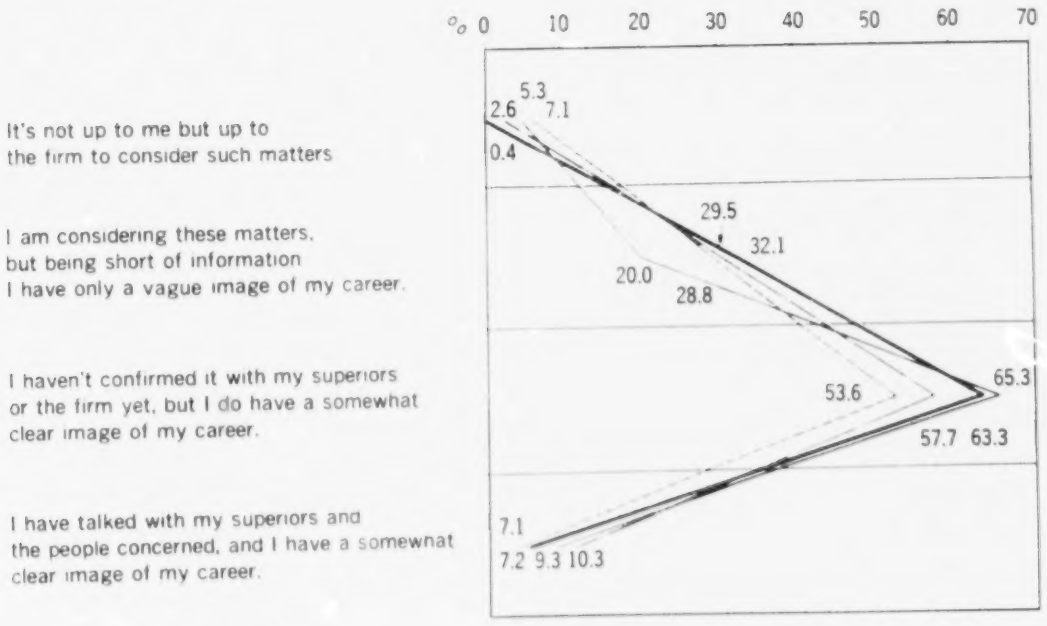
Those with fifteen to nineteen years of service(ages 37-41) account for the highest percentage at 65.3%. Studies show that this is about the time when one's career goals have been established and one has a clearer image of the future.

However, the rate drops sharply to 53.6% for the more experienced employees who have worked for twenty years or more. This may be interpreted as an indication of confusion regarding career goals among these people who are being exposed to recent trends in personnel management in which seniority no longer guarantees larger incomes or higher positions. This is deplorable, because the employees of more than forty-two years of age are the people the firms expect to play the most active roles. From the viewpoint of career development, the transition from the establishment of career orientation to the maintenance of such an attitude is not being made smoothly.

Direction of Self-Development

The basic pattern of response with regard to this theme is that it centers upon "I haven't confirmed it with my superiors, but I have a somewhat clear image of it."

By length of service, those with twenty years or more of experience show a conspicuously low rate of affirmative


% 0 10 20 30 40 50 60 70
It's not up to me but up to the firm to consider such matters
I am considering these matters, but being short of information I have only a vague image of my career.
I haven't confirmed it with my superiors or the firm yet, but I do have a somewhat clear image of my career.
I have talked with my superiors and the people concerned, and I have a somewnat clear image of my career.
2.6
5.3
7.1
0.4
29.5
32.1
20.0
28.8
53.6
65.3
57.7
63.3
7.1
7.2
9.3
10.3
9 years or less
10 to 14 years
15 to 19 years
20 years or more

Source: Same as Figure 38

Figure 40. Career Goals

answers. This may be closely connected with the low percentage of these people who have clear images of their career goals. Having no clear goals in mind, they cannot determine how to prepare for the future.

In connection with this, it should be mentioned that the early forties is an important stage of one's life when one should be able to foresee the course of a career that will last from one's forties to sixties.

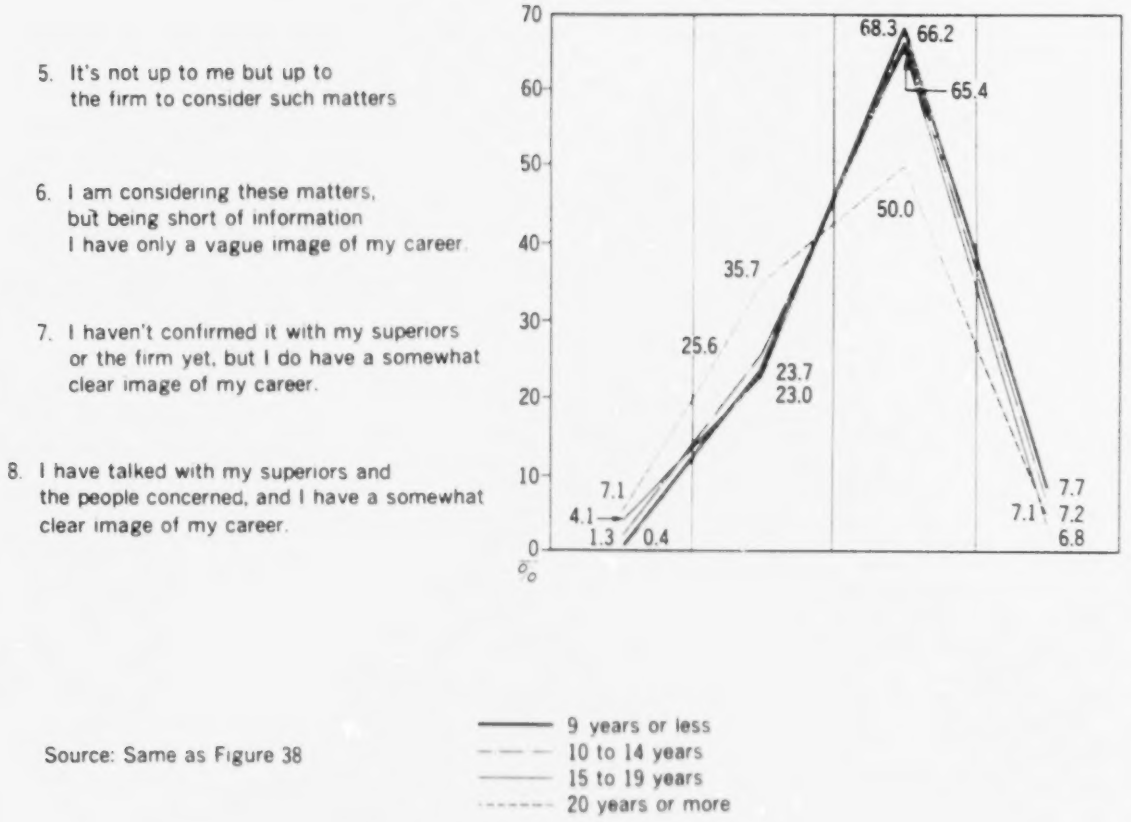
So far, we have reviewed how CDP is accepted by the employees in some firms which are reputedly quite enthusiastic about introducing and operating this system. With regard to Japanese personnel management, most research has concerned the systems themselves and very little research has been done on how the systems were introduced into the firms, how they have functioned, and what effects they have had. Therefore the research we have been examining is very valuable. As this survey was conducted on firms that are enthusiastic about the introduction and management of CDP, this does not represent the Japanese personnel management scene in its entirety. My guess is that the understanding of CDP on the part of the employees of Japanese industry as a whole is below the level indicated in the survey, considering that not all firms are as enthusiastic as the firms that were polled in the survey.

Next, with the results of this survey in mind, the future of CDP will be examined.

3 Prospects for the Future of CDP

As we have seen in Figure 38 concerning the previous survey, the responses to questions about career goals and the direction of self-development centered on "I haven't confirmed it with my superiors or the firm yet, but I do have a somewhat clear image of it." This shows that what is needed in CDP operation is a greater degree of confirmation with managers or executives. In this context, I have made a survey of human resources development systems that many firms are presently considering.

In Figure 42, what seems to be relevant to CDP are career planning workshops, as mentioned in the discussion on job conversion training, which offer the participant opportunities for reflection on past experiences, along with self-analysis, career planning and the formulation of goals. Although these aspects of career development have not been given due consideration, as was noted in the examination of personnel management by voluntary choice, they seem to be very important. For example, at the hotel or the training center where a workshop is being conducted, each participant should be offered a single room and should be able to spend enough time thinking about the past and



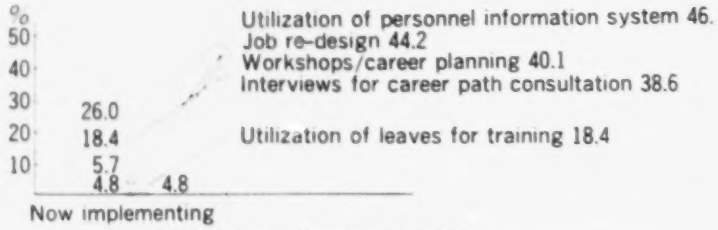
Source: Same as Figure 38

Figure 41. Emphasis of Development

the future. What is important here is, as has been made clear in the previous survey, providing sufficient job information from both within and without the firm to enable career planning. In fact many of the firms that are operating such workshops are making serious efforts at conveying information about the firm, such as conceivable future business structures of the firm, the nature of jobs and the required size of the workforce, and the capabilities needed for various jobs. Such information provides a usable foundation on which the employee can plan a future career.

Next, career interviews and consultations are systems devised to make up for the shortcomings of CDP that are apparent in the high rate of those who chose "I haven't confirmed it yet with my superiors." It is likely that in Japanese firms, career interviews and consultations will be put into practice.

Lastly, I would like to consider the systems supporting the effective application of CDP. We saw in Figure 37 that the self-declaration system shows a higher rate of utilization than CDP (70.1% in 1987). Yet another survey shows the changes in the rates of implementation of systems aimed at human resources development. What attracts our attention in these two surveys is the high adoption rates of (1) the self-declaration system and (2) management by objective.



Source : Japan Federation of Employers' Associations and Japan Industrial Training Association

Figure 42. Human Resource Training System Required in the Future

The self-declaration system, also called the "self-assessment system", is a system in which the employee commu-

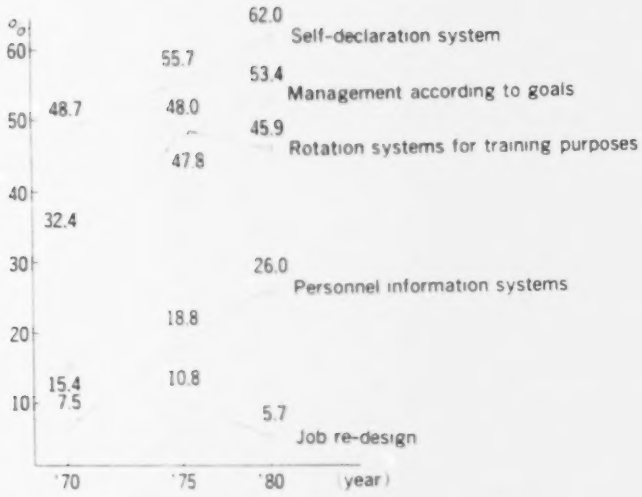


Figure 43. Introduction of Human Resource Training Systems

nicates to the firm hopes and wishes about his or her future career.

Management by objective, on the other hand, is a system in which the employee and his or her superior discuss objectives for a given term and, based on a common understanding, the employee strives to achieve the objectives. This system, in its initial stage of introduction, was used primarily for setting goals for the achievements of the employee, but recently an increasing number of firms are including in its list of objectives not only those directly related to job performance but also those related to the ability development efforts necessary for attaining the goal.

The relationship between CDP and the self-declaration system or management by objective, therefore, is that while CDP concerns each employee's career orientation, the self-declaration system and management by objective provide specific goals and thus targets for the ability-development efforts necessary for the attainment of the goal.

In operating CDP, there has arisen a fundamental criticism that in today's changing business environment it will be very difficult to foresee the future. In the long-range planning of a firm, management cannot foresee more than three to five years ahead, and some people point out that it will be difficult to discuss one's career on a long-term basis. But what I would like to consider is that the aim of CDP is not to set fixed long-range goals for the future but to give a broad outline of the future and then to aid self-improvement efforts. Therefore, the big problem is whether CDP can be flexible enough to adapt itself to changes in the economic environment. The self-declaration system and management by objective supplement CDP in adapting its goals to a changing business environment, and they are expected to continue performing such a function.

Chapter IV
Conclusion

So far, the problem of employee capability development has been discussed in connection with business strategy and a new principle of personnel management. The problem in business strategy is the necessity of developing a new managerial staff and a workforce able to undertake the new jobs arising from restructuring. The specific problems of training managerial staff and of job conversion were addressed. But however well we resolve the problem of jobs, it does not mean that employees can be easily trained to perform the jobs. Therefore, the latter half of this report dealt with jobs in general, rather than being limited to those jobs which were discussed in the first part. In the first part a new philosophy of personnel management, namely, management by voluntary choice, was presented. To managerial personnel long accustomed to the idea of personnel management by selection, this idea of personnel management by voluntary choice may sound far from realistic. But upon examining personnel management as it is now being practiced in Japan, they cannot help but admit that in many respects personnel management by voluntary choice is actually being conducted in Japan regarding the place of employment, working hours and the job itself. In fact, personnel management by voluntary choice is an attempt at establishing a new way of thinking about personnel management by beginning with what is already in practice and adding some new principles. Perhaps it can be put in this way: so far, in a changing business environment, personnel management in Japanese industry has been groping for a destination. And now, at long last, it has sighted a landing place, a goal, which is personnel management by voluntary choice. The task is to do our best to reach the goal.

Lastly, in relation to personnel management by voluntary choice, is a brief look into the results of an interesting survey of "the active middle-aged" who are energetic on the job. This survey, titled "The Active Middle-Aged--- Some Cases From the Firms" was conducted by the Management Academy of the Japan Productivity Center. Based on personal interviews with fifteen middle-aged people who are working very vigorously under conditions not very favorable to them, the survey was under taken in an attempt to discover some common characteristics of these "active middle-aged." As was mentioned earlier in this report, a survey based on fifteen participants is statistically not very meaningful. Nevertheless, it does offer some significant insights.

First, this survey reports that the common trait of "the active middle-aged" is the following.

They do not depend upon the company but try to establish their own ways of living. Having an independent frame of mind, they find support within themselves and have their own ways of forming relationships with their families and their friends.

The managerial staff that conducted this survey observed that blind loyalty to, and excessive dependence on, the company can be dangerous. In order to lead an active life as a member of a company, one has to be independent of the company and learn to live vigorously.

Seen from the viewpoint of the managerial staff of a company, this case study reveals quite different problems:
-- That, so far as the "off-the-promotional-track" middle-aged are concerned, many of them have lost vigor owing to problems related to personnel management.
--That even the liveliest of the middle-aged have experienced some troubles and failures because of problems concerned with personnel management. It is because of their own efforts at independence that they manage to remain active, since there have been very few cases where appropriate personnel management on the part of the company has contributed to their vigorousness. These facts should weigh heavily on those who are responsible for personnel management.

The personnel management policy of a firm and its application to individual personnel change can easily rob an employee of motivation and drive, and it is very difficult to recover motivation and drive by virtue of personnel policies. In reviewing the fifteen cases of "the active middle-aged", we find many cases in which an agonizing sense of frustration arose from job rotation, unsatisfactory treatment by the firm, and other problems connected with personnel management. They tell us "how to agonize and ruin an employee." From them we can learn "what not to do" and "what to always bear in mind" when practicing personnel management.

By contrast, we can find no clear-cut instances of personnel management policies that effectively motivate middle-aged employees. If a similar survey were to be made on larger scale--say, on 100 or 1,000 people, it would offer useful suggestions on how to conduct appropriate personnel management. However, the author's impression is that many Japanese firms

have not yet found a personnel policy that can motivate middle-aged employees. This is a serious problem.

Lastly, I would like to express what I strongly felt in reviewing this survey. Those in charge of personnel management bear a heavy responsibility and their jobs are extremely difficult. Even slight discord between employee and superior in a small workshop can cause the employee and his or her family a great deal of trouble. No matter how trivial a decision may seem compared with the personnel practices of the firm as a whole, it is likely to affect the employee's whole career. Of course there may be times when, out of the necessity for management to adapt to changes in the social and economic environment, managers cannot afford take into account the desires and abilities of each individual employee. Even in such situations, they should at least try to do their best to maintain a personnel management system which is fair and impartial. However painful and disadvantageous a personnel change may be to an employee, it won't cause undue anguish or result in the loss of confidence and drive if the personnel management of the firm is conducted reasonably, with fairness and impartiality.

On the other hand, if there is prejudice or ill will among employees of different jobs or positions, it is likely to be reflected in a poor atmosphere among them. It should be remembered that many middle-aged employees in firms "become old" and lose their drive not because of physical or physiological weaknesses but because of unhealthy human relationships within the firm.

Looking back on the case study, it is noted that there are many unfortunate incidences where a superior does not appreciate the ability of a subordinate. Looking at the firm as a whole, such tragedies may be daily occurrences. What should the personnel management staff, who occupy middle-managerial positions in the hierarchy and whose goal is the efficient functioning of a business organization, do to deal with these tragedies that occur time and again? This involves not only the techniques of personnel management but also human warmth on the part of the managerial staff.

So much for pronouncements. Through out this report, personnel management by voluntary choice has been examined as a principle of personnel management that encourages employees to tackle their jobs with motivation and drive. In practicing personnel management based on such a principle, it is necessary for the personnel staff to improve their methods in many respects. In their reflections on their conduct, they should remind themselves of the great importance of human warmth in human relations.

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